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UNIVERSITY

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Awarding of Bonds Meeting
Special Committee of the Board of Regents
Board of Regents Room
June 12, 1997

Attending: Special MSU Board Committee Members - Sid Easley, Chair, Marie Jones, Nancey France. Others attending: Gregg Phillips, Senior Vice President of Hillyard Lyons, Louisville; Tom Denton, Interim Vice President for Administrative Services and Treasurer of the Board of Regents; and Sandra M. Rogers, Secretary to the Board of Regents.

Chair Easley convened the meeting at noon on June 12, 1997. The purpose of the meeting was to award the bonds to the successful bidder for the purchase of Housing and Dining System Revenue Bonds, Series M, dated June 1, 1997.

Dr. France moved to award the bonds to Hillyard Lyons, seconded by Marie Jones. Motion carried.

The attached resolution was adopted and signed by Chair Sid Easley on June 12, 1997.

(See Attachment)

The meeting adjourned at 12:25 p.m.

Chair

Secretary

Notice of Bond Sale and the Official Terms, with the understanding that the amount thereof, without interest, will be deducted from the purchase price of the Bonds when tendered to us for delivery. If we are the successful bidder, we agree to accept and make payment for the Bonds in accordance with the terms of sale.

Respectfully submitted,

Total interest cost from June 1, 1997,
to final maturity
Less premium bid or plus discount, if any
Net interest cost
Average interest rate or cost

\$ _____
\$ _____
\$ _____
\$ _____

The above computations of net interest cost and of average interest rate or cost, submitted for information only and are not part of this Bid.

ACCEPTANCE OF BID WITH ADJUSTMENT OF AMOUNT AND TOTAL BID PRICE

Accepted by Murray State University on June 12, 1997, as to \$ _____ of Bonds at an adjusted price of \$ _____, plus accrued interest, with the change in amount of Bonds being reflected by following changes in the maturities thereof.

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term*</u> <u>Bond</u> <u>Rate</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term*</u> <u>Bond</u> <u>Rate</u>
1998	\$ _____	_____ %	_____ %	2008	\$ _____	_____ %	_____ %
1999	_____	_____ %	_____ %	2009	_____	_____ %	_____ %
2000	_____	_____ %	_____ %	2010	_____	_____ %	_____ %
2001	_____	_____ %	_____ %	2011	_____	_____ %	_____ %
2002	_____	_____ %	_____ %	2012	_____	_____ %	_____ %
2003	_____	_____ %	_____ %	2013	_____	_____ %	_____ %
2004	_____	_____ %	_____ %	2014	_____	_____ %	_____ %
2005	_____	_____ %	_____ %	2015	_____	_____ %	_____ %
2006	_____	_____ %	_____ %	2016	_____	_____ %	_____ %
2007	_____	_____ %	_____ %	2017	_____	_____ %	_____ %

MURRAY STATE UNIVERSITY

By: _____

BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Sale of Bonds, providing for the sale of \$750,000 (plus or minus up to \$100,000) of Murray State University Housing and Dining System Revenue Bonds, dated June 1, 1997, and in accordance with the notice of sale of the bonds as advertised, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$750,000 principal amount of Bonds, the sum of (not less than \$735,000) (98%), plus accrued interest from June 1, 1997, to the date of delivery of the Bonds, such Bonds to bear interest payable semiannually on March 1 and September 1, commencing March 1, 1998, at the following annual rate (s):

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term*</u> <u>Bond</u> <u>Rate</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Serial</u> <u>Bond</u> <u>Rate</u>	<u>Term*</u> <u>Bond</u> <u>Rate</u>
1998	\$20,000	_____ %	_____ %	2008	\$35,000	_____ %	_____ %
1999	25,000	_____ %	_____ %	2009	40,000	_____ %	_____ %
2000	25,000	_____ %	_____ %	2010	40,000	_____ %	_____ %
2001	25,000	_____ %	_____ %	2011	45,000	_____ %	_____ %
2002	25,000	_____ %	_____ %	2012	45,000	_____ %	_____ %
2003	30,000	_____ %	_____ %	2013	50,000	_____ %	_____ %
2004	30,000	_____ %	_____ %	2014	50,000	_____ %	_____ %
2005	30,000	_____ %	_____ %	2015	55,000	_____ %	_____ %
2006	30,000	_____ %	_____ %	2016	55,000	_____ %	_____ %
2007	35,000	_____ %	_____ %	2017	60,000	_____ %	_____ %

*Bidders may elect to structure the maturities to include term bonds with mandatory sinking fund redemptions. To bid term Bonds, put interest rate in Term Bond Rate column.

We understand that this bid may be accepted for as much as \$850,000 of Bonds and for as little as \$650,000 of Bonds, at the same price per \$1,000 of Bonds as the price bid per \$1,000 of Bonds by the undersigned with the variation in such amount being adjusted as determined by the Board of Regents at the time of Acceptance of the best bid.

We understand that the Board of Regents will furnish the final, approving legal opinion of Peck, Shaffer & Williams, L.L.P., Municipal Bond Attorneys, of Covington, Kentucky. We agree that if we are the successful bidder, immediately available funds in the amount of \$15,000, payable to Murray State University will be deposited in PNC Bank, Kentucky, Inc., Louisville, Kentucky, by federal wire transfer, ABA 0830-00108, prior to the end of the business day on June 13 1997, in accordance with the

BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Sale of Bonds, providing for the sale of \$750,000 (plus or minus up to \$100,000) of Murray State University Housing and Dining System Revenue Bonds, dated June 1, 1997, and in accordance with the notice of sale of the bonds as advertised, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

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2006	30,000	_____ %	_____ %	2016	55,000	_____ %	_____ %
2007	35,000	_____ %	_____ %	2017	60,000	_____ %	_____ %

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Total interest cost from June 1, 1997,
to final maturity
Less premium bid or plus discount, if any
Net interest cost
Average interest rate or cost

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2003	_____	_____ %	_____ %	2013	_____	_____ %	_____ %
2004	_____	_____ %	_____ %	2014	_____	_____ %	_____ %
2005	_____	_____ %	_____ %	2015	_____	_____ %	_____ %
2006	_____	_____ %	_____ %	2016	_____	_____ %	_____ %
2007	_____	_____ %	_____ %	2017	_____	_____ %	_____ %

MURRAY STATE UNIVERSITY

By: _____

This Preliminary Official Statement has been prepared for submission to prospective bidders for the Bonds herein described but is subject to revision, amendment and completion in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 1997
(Bonds to be Sold June 12, 1997 at 10:00 A.M. CDT)

In the opinion of Bond Counsel, subject to the condition set forth in "Tax Treatment" herein, under existing laws, interest on the Bonds is excluded from gross income for federal and Kentucky income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. Bond Counsel is further of the opinion that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions. See "Tax Treatment" herein.

NEW ISSUE
BANK QUALIFIED

Rating: " " Standard & Poor's
Ratings Group

\$750,000*
MURRAY STATE UNIVERSITY (KENTUCKY)
HOUSING AND DINING SYSTEM
REVENUE BONDS, SERIES M

Dated: June 1, 1997

Due: September 1, as shown below

Principal on the Bonds will be payable at PNC Bank, Kentucky, Inc., Louisville, Kentucky, the Trustee, Paying Agent and Bond Registrar. Interest on the Bonds, payable semiannually on each March 1 and September 1, commencing March 1, 1998 will be paid by check or draft mailed by the Paying Agent and Bond Registrar to the Registered Owners of the Bonds.

The Bonds will be issuable in denominations of \$5,000 or any integral multiples thereof, fully registered as to both principal and interest. The Bonds will mature on September 1 of the respective years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Price/ Yield</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Price/ Yield</u>
1998	\$20,000			2008	\$35,000		
1999	25,000			2009	40,000		
2000	25,000			2010	40,000		
2001	25,000			2011	45,000		
2002	25,000			2012	45,000		
2003	30,000			2013	50,000		
2004	30,000			2014	50,000		
2005	30,000			2015	55,000		
2006	30,000			2016	55,000		
2007	35,000			2017	60,000		

(Plus accrued interest - when issued)

The Bonds maturing on and after September 1, 2008 are redeemable at the option of the University on and after September 1, 2007, as described herein.

The Bonds are offered, subject to prior sale, when, as and if issued by the University, subject to prior approval of legality by Peck, Shaffer & Williams, L.L.P., Covington, Kentucky, Bond Counsel. Delivery of the Bonds is expected on or about June 26, 1997.

* Preliminary, Subject to Adjustment

J.J.B. HILLIARD, W.L. LYONS, INC.
Louisville, Kentucky
FISCAL AGENT

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of Murray State University identified on the cover page hereof. No person has been authorized by Murray State University to give any information or to make any representation other than that contained in the Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by Murray State University or the Fiscal Agent. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

This information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Murray State University since the date hereof.

Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except Murray State University, will pass upon the accuracy or adequacy of this Official Statement or approve the Bonds for sale.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and constitute valid and binding special obligations of the Issuer payable solely from the sources provided therefor in the Indenture and the Series M Supplemental Indenture.

4. The Bonds and any additional parity bonds heretofore and hereafter issued and outstanding under the terms of the Indenture are and will be payable from and constitute a paramount charge upon the defined Revenues (gross amount of rentals and other user fees and charges for use and occupancy of the student housing and dining facilities) derived by the Issuer from the operation of its Housing and Dining System, which consists of all the housing and dining facilities of the Issuer now in existence and hereafter acquired. As further security for the Bonds and any parity bonds heretofore or hereafter issued pursuant to the Indenture, there is created and granted by Sections 162.200 and 162.350 of the Kentucky Revised Statutes, as amended, a statutory mortgage lien upon the Housing and Dining System of the Issuer.

5. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest, including original issue discount, on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds.

6. Interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

7. The Issuer has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Code.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture and the Series M Supplemental Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

Very truly yours,

MURRAY STATE UNIVERSITY

President

Dr. Kern Alexander

Board of Regents

Sid Easley - Chairman
Beverly J. Ford - Vice Chairman
Marilyn Reed Buchanon - Member
Thomas A. Burich - Member
G. Arlivia Gamble - Member
Philip M. Lanier - Member
Wells T. Lovett - Member
Nancey France - Faculty Member
Marie Jones - Staff Member
Derek Sommerville - Student Member

Officers

Sid Easley - Chairman
Beverly J. Ford - Vice Chairman
Sandra M. Rogers - Secretary
Thomas W. Denton - Treasurer

BOND COUNSEL

Peck, Shaffer & Williams, L.L.P.
Covington, Kentucky

FISCAL AGENT

J.J.B. Hilliard, W.L. Lyons, Inc.
Louisville, Kentucky

PAYING AGENT, REGISTRAR AND TRUSTEE

PNC Bank, Kentucky, Inc.
Louisville, Kentucky

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[Form of Opinion of Peck, Shaffer & Williams]

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[Date of Delivery]

Murray State University
Murray, Kentucky

Re: \$ _____ Murray State University of Kentucky Housing and Dining System
Revenue Bonds, Series M, dated June 1, 1997

We have acted as bond counsel in connection with the issuance by the Board of Regents of Murray State University, a public body corporate and educational institution and agency of the Commonwealth of Kentucky (the "Issuer") of \$ _____ Murray State University Housing and Dining System Revenue Bonds, Series M, dated June 1, 1997 (the "Bonds") pursuant to Sections 162.340 to 162.380, inclusive, of the Kentucky Revised Statutes, as amended (the "Act") and a Trust Indenture dated as of September 1, 1965 (the "Indenture"), as supplemented by a Third Supplemental Trust Indenture, dated as of June 1, 1997 (the "Series M Supplemental Indenture"), between the Issuer and PNC Bank, Kentucky, Inc., Louisville, Kentucky, as trustee. We have examined the law and the transcript of proceedings pursuant to which the Bonds have been authorized and issued, and such other matters as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and the Series M Supplemental Indenture, and in the transcript of proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Issuer is a duly created and validly existing public body corporate and educational institution and agency of the Commonwealth of Kentucky, with full power to execute and deliver the Indenture and the Series M Supplemental Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture and the Series M Supplemental Indenture have been duly adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

OFFICIAL STATEMENT RELATING TO

\$750,000*
MURRAY STATE UNIVERSITY
HOUSING AND DINING SYSTEM
REVENUE BONDS, SERIES M

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, is being distributed by Murray State University (the "University") to furnish pertinent information to all who may become owners of its Housing and Dining System Revenue Bonds, Series M (the "Bonds") being offered hereby pursuant to the provisions of Section 162.340 to 162.380, inclusive of the Kentucky Revised Statutes, and pursuant to the terms of the Trust Indenture (the "Indenture") dated as of September 1, 1965 and supplemented by a First Supplemental Trust Indenture dated September 1, 1968 and the Second Supplemental Trust Indenture, dated September 1, 1968, regarding its Housing and Dining System Project (the "Project"). A Third Supplemental Trust Indenture (the "Supplemental Indenture") was adopted by the Board of Regents (the "Board") of the University on May 12, 1997.

MURRAY STATE UNIVERSITY

The University is located in Murray, Calloway County, Kentucky, was established in 1922 as Murray State Normal School by act of the General Assembly of Kentucky. In 1966, the General Assembly of Kentucky established its present name, Murray State University. The University's main campus is on a 232 acre site in Murray, Kentucky. Two agricultural farms totaling 351 acres are within one mile of the campus.

The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor of the Commonwealth of Kentucky; one faculty member, one staff member and one student member. Pursuant to Section 164.350 of the Kentucky Revised Statutes, the University is a body corporate with the powers usually vested in corporations and, as such, subject to the statutes of the Commonwealth, has control and management of the University, together with the properties and funds thereof.

From an enrollment of 87 students in 1923, the University has grown to more than 8,200 students with a teaching faculty of 350. The University is a comprehensive institution comprised of six colleges: College of Business and Public Affairs; College of Education; College of Fine Arts and Communication; College of Humanistic Studies; College of Industry and Technology; and College of Science.

Pre-professional curricula are provided in medicine, dentistry, forestry, veterinary medicine, optometry, engineering, medical technology, theology, pharmacy, law, architecture, physical therapy and speech-language pathology. Additionally, the University offers interactive television distance learning, extended campus, correspondence and evening classes for the continuing education of its eighteen county service area.

The University confers 24 different degrees. These include three Associate Degrees, 12 Baccalaureate Degrees, 8 Masters Degrees and one Specialist Degree. Degrees offered are the Associate of Arts, Associate of Science and Associate of Science in Vocational-Technical Education; Bachelor of Arts, Bachelor of Arts in Business, Bachelor of Fine Arts, Bachelor of Independent Studies, Bachelor of Music, Bachelor of Music Education, Bachelor of Science, Bachelor of Science in Agriculture, Bachelor of Science in Business, Bachelor of Science in Vocational-Technical Education, Bachelor of Science in Nursing, and Bachelor of Social Work; Master of Arts, Master of Arts in Education, Master of Arts in Teaching, Master of Business Administration, Master of Music Education, Master of Public Administration, Master of Science, and Master of Science in Nursing; and Specialist in Education.

*Preliminary, Subject to adjustment

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Murray State University was designated by the Kentucky Council on Higher Education for a Center of Excellence for Reservoir Research and an Endowed Chair for Applied Ecosystem Ecology. The University is the official transfer agent of NASA Landsat technology in Kentucky. The National Scouting Museum is also located on the campus of Murray State University.

THE HOUSING AND DINING SYSTEM

Murray State University's Housing and Dining System ("Housing and Dining System") refers to the housing and dining buildings, appurtenant facilities and related auxiliary enterprises located in Murray, Calloway County, Kentucky, comprising portions of the University, identified as Clark Hall, Franklin Hall, Hart Hall, Regents Hall, Richmond Hall, White Hall, Woods Hall, Elizabeth Hall, Hester Hall, College Court I, College Court II, Wells Hall, Ordway Hall, College Court III and Springer Hall and Winslow Cafeteria, and as the same may be added to in the future by including therein any other housing and dining facilities or related auxiliary enterprises and in accordance with the provisions of the Trust Indenture and the Supplemental Indenture.

THE BONDS

The Bonds will be dated June 1, 1997, will be issued in the total principal amount of \$750,000*, in fully registered form and in denominations of \$5,000 or any integral multiples thereof, will mature as to principal on September 1, 1998, and thereafter and will bear interest as set forth on the cover page of this Official Statement.

The Bonds maturing on and after September 1, 2008 will be subject to redemption prior to maturity at the option of the University on September 1, 2007, and on any date thereafter for which prerequisite notice is given in whole or from time to time in part in any order of maturity (less than all of a single maturity to be selected by lot by the Paying Agent and Bond Registrar), at the redemption prices expressed as percentages of principal amount set forth in the table below plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, 2007 through August 31, 2008	102%
September 1, 2008 through August 31, 2009	101%
September 1, 2009 and thereafter	100%

Interest accruing on the Bonds will be payable semiannually on March 1 and September 1 of each year (commencing March 1, 1998) from the later of June 1, 1997, or the most recent interest payment date to which interest has been paid or duly provided. The interest installment on the Bonds will be paid to the person who is the Registered Owner thereof as of the close of business on the Record Date for such interest installment, which Record Date will be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Payment of interest will be made by check or draft mailed to the person who is the Registered Owner on the applicable Record Date at the address of such Registered Owner as it appears on the books of the Paying Agent and Bond Registrar. Principal will be paid when due upon delivery of the bonds for payment at the principal office of the Paying Agent and Bond Registrar.

The Bonds are transferable upon presentation and surrender thereof to the Paying Agent and Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his authorized representative.

APPENDIX E

**Murray State University
Housing and Dining System
Revenue Bonds, Series M**

Form of Bond Counsel Opinion

*Preliminary, subject to adjustment

DISPOSITION OF BOND PROCEEDS

The Bond proceeds will be applied as follows:

- a) The amount received from the purchaser(s) representing accrued interest from June 1, 1997 to the date of delivery, will immediately be deposited into the Housing and Dining System Bond and Interest Sinking Fund, as defined herein, maintained at PNC Bank, Kentucky, Inc., Louisville, Kentucky, the Trustee, Paying Agent and Registrar for the Bonds.
- b) To the System Debt Service Reserve held by the Trustee (the "Debt Service Reserve") an amount shall be deposited which, together with amounts currently held therein coming due, shall be sufficient to meet the maximum principal and interest coming due on all outstanding bonds in any fiscal year thereafter.
- c) The amount necessary to pay the costs of issuance of the Bonds will be deposited to a "Cost of Issuance Fund" to be maintained at the Paying Agent and Bond Registrar to pay all expenses incident to the issuance, sale and delivery of the Bonds, including the fee of the Fiscal Agent, the rating fees and such other appropriate expenses as may be approved by the University.
- d) The balance of the proceeds of the Bonds will be set aside in the Murray State University Housing and Dining System Revenue Bonds, Series M Construction Fund of June 1, 1997 (the "1997 Housing and Dining System Series M Construction Fund") to be held by the Kentucky State Treasurer.

SECURITY FOR THE BONDS

The Bonds, together with the University's outstanding Housing and Dining System Revenue Bonds, being the Series B through L Bonds (Series A Bonds having been retired) and additional parity bonds, which may hereafter be issued and outstanding under the terms of the Indenture and Supplemental Indenture, will be payable from and will constitute a charge upon the gross revenues (as defined in the Indenture) to be derived by the University from the operation of its Housing and Dining System. The Housing and Dining System may be described generally as all the student housing and dining facilities, student center and related auxiliary enterprises now existing at the main campus of Murray State University in Murray, Kentucky. The Revenues of the System consist of the gross amount of rentals generated to the University from the use and occupancy of the facilities of the Housing System and the gross amounts generated by a Student Activity Fee and net income from the operation of Dining Facilities. Such revenues are known as the Housing and Dining System Revenues and the University covenants that the same will be fixed (and, if necessary, revised and increased from time to time) at such rates as may be required to pay the interest on and principal of the Housing and Dining System Bonds as they respectively mature, to provide reserves therefor and to pay the operating costs of the Housing and Dining System Project to the extent they are not otherwise provided. All collections of the above mentioned Housing and Dining System Revenues are to be set aside, as received into the Housing and Dining System Revenue Fund, as defined herein, and are made subject to a first lien and paramount charge for the security and source of payment of all outstanding Housing and Dining System Revenue Bonds.

By Resolution adopted on August 21, 1964, and ratified and confirmed by Resolution adopted on May 22, 1997, the Kentucky State Property and Buildings Commission has recognized a binding and continuing contractual commitment of the Commonwealth to pay the cost of operation and maintenance of the Housing and Dining System to the extent that Revenues shall be insufficient, therefore, after providing for the payment of principal and interest on all outstanding Housing and Dining System Revenue Bonds heretofore issued or which may hereafter be issued with the approval of the Commission.

As further security for these Bonds and said outstanding parity bonds, there is created and granted by Sections 162.350 and 162.200 of the Kentucky Revised Statutes a statutory lien upon the Housing and Dining System Project of the University on a parity with all bonds outstanding.

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The Bonds are additionally secured by the Debt Service Reserve established with respect to the Housing and Dining System Revenue Bonds.

THE CONSTRUCTION PROJECT

The work consists of expanding and upgrading the mechanical room at Winslow Cafeteria to adequately provide space and air circulation for the support equipment and to upgrade and modernize serving lines to support a new meal access system and refurbish the environment to enhance student life and recruit and retain students.

The estimated sources and uses of the proceeds of the Bonds, excluding accrued interest on the Bonds, are as follows:

Sources of Funds	
Principal amount of Bonds	\$750,000*
Total	\$750,000
Uses of Funds	
Construction Fund	\$670,000*
Discount (2%)	15,000*
Issuance Costs	20,000*
Debt Service Reserve	41,532*
Contingency	3,468*
Total	\$750,000

* Preliminary, subject to adjustment

CERTAIN PROVISIONS OF THE INDENTURE

The Board has previously adopted the Indenture dated as of September 1, 1965, which authorized the issuance of its Housing and Dining System Revenue Bonds. The Housing and Dining System Project consists of all existing housing and dining facilities erected on property owned by the University.

The following statements are intended to provide only brief summaries of selected pertinent provisions of the Indenture. For detailed and complete information, reference is hereby made to the Indenture, copies of which are on file with the University and with the Trustee for outstanding Housing and Dining System Revenue Bonds. For purposes of this description, previous bonds issued or any future bonds to be issued under the Indenture will be referred to as "All Bonds".

Murray State University Housing and Dining System Revenue Bonds Revenue Fund Account

Under the terms of the 1965 Indenture, there is established a special fund known as "Murray State University Housing and Dining System Revenue Fund Account" (the "System Revenue Fund"). Said Fund is held in the custody of the Treasurer of the Board, separate and apart from all other funds of the University. There shall be deposited into the System Revenue Fund all Revenues of the System as defined in the 1965 Indenture and as described in summary elsewhere herein under "Security For The Bonds".

MURRAY STATE UNIVERSITY
SCHEDULE OF BONDS PAYABLE
For the Year Ended June 30, 1996

	Original Issue	Matured Current Year	Funded to Date	Not Matured 06/30/96	Interest Expense Current Year	Bonds Maturing 1996-97	Interest Due 1996-97
Series H bonds dated 3/1/92 with interest rates from 3 1/2% to 6 2/10%. Final principal payment due 5/1/12. Fine Arts Renovation & Underground Steam/condensate Lines.	\$ 4,625,000 \$	155,000 \$	535,000 \$	4,090,000 \$	246,097 \$	160,000 \$	238,628
Total Consolidated Educational Buildings Revenue Bonds	\$ 77,789,000 \$	2,255,000 \$	55,846,000 \$	21,943,000 \$	1,210,019 \$	2,410,000 \$	1,108,837
OTHER BONDS							
Asbestos and PCB removal bonds (Project 48 partially refunded by project 54) dated 12/1/87 with an interest rate of 6.20%. \$204,842 refunded 11/95. Final principal payment due 8/1/98.	\$ 1,660,000 \$	235,049 *	1,660,000 \$	- \$	1,445 \$	- \$	-
Asbestos and PCB removal bonds (Project 54 refunding a portion of project 48) dated 9/1/92 with an interest rate of 2.40% to 6.0%. Final principal payment due 9/1/08	1,516,032	41,068	135,844	1,380,188	37,789	43,320	35,469
Life Safety bonds (Project 50) dated 2/1/91 with an interest rate of 5.60% to 6.70%. \$544,732 refunded on 9/1/93. \$222,800 refunded on 11/95. Final payment due on 8/1/95.	875,445	222,800 *	875,445	-	1,228	-	-
Life Safety bonds (Project 55 including partial refunding of Project 50) dated 9/1/93 with an interest rate of 2.70% to 5.0%. Final principal payment due 9/1/13.	1,413,890	38,351	71,985	1,341,905	63,797	29,095	67,886
State property and buildings commissions project 57 revenue bonds dated 8/1/95 with an interest rate of 4% to 5%. Final principal payment due 11/1/15.	1,551,000	68,500	68,500	1,482,500	83,693	44,500	75,531
State property and buildings commission project 59 revenue refunding bonds (total refund of project 48 & 54) dated 11/1/95 with an interest rate of 4.5% to 6.75%. Final principal payment due 11/1/00.	444,451	66,900	66,900	377,551	16,486	105,518	14,978
Total Other Bonds	\$ 7,460,818 \$	672,668 \$	2,878,674 \$	4,582,144 \$	204,438 \$	222,433 \$	193,864
Total all bond issues	\$ 99,916,818 \$	3,422,668 \$	68,174,674 \$	31,742,144 \$	1,585,057 \$	3,142,433 \$	1,456,746

* principal maturities on these two bonds include \$427,642 of principal defeased by the issuance of refunding bonds

MURRAY STATE UNIVERSITY
SCHEDULE OF BONDS PAYABLE
For the Year Ended June 30, 1996

CONSOLIDATED EDUCATIONAL BUILDINGS REVENUE
BONDS

	Original Issue	Matured Current Year	Funded to Date	Not Matured 06/30/96	Interest Expense Current Year	Bonds Maturing 1996-97	Interest Due 1996-97
Series A bonds dated 5/1/61 with interest rates from 3% to 4 1/8%. Final principal payment date 5/1/86. Business Education Bldg.	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -
Series B bonds dated 11/1/63 with interest rates from 3 1/4% to 3 7/8%. Final principal payment date 5/1/94. Applied Science, Child Dev Ctr, Maint Bldg, Etc.	2,360,000	-	2,360,000	-	-	-	-
Series C bonds dated 4/1/66 with an interest rate of 3%. Final principal payment due 5/1/96. Nursing, Admin, Bio Stat, Broadcast Center.	2,721,000	90,000	2,721,000	-	2,249	-	-
Series D bonds dated 4/1/66 with interest rates from 4 1/4% to 4 1/2%. Final principal payment due 5/1/94. Same as Series C.	5,280,000	-	5,280,000	-	-	-	-
Series E bonds dated 5/1/71 with an interest rate of 3%. Final principal payment due 5/1/98. Gen Classroom, Acad-Ath Fac, Bus Serv, Fine Arts Add, Pedestrian Impr.	2,733,000	140,000	2,440,000	293,000	12,288	145,000	8,063
Series F bonds dated 5/1/71 with interest rates from 6 1/2% to 7 1/4%. Final principal payment originally due 5/1/00. All bonds called in fiscal 81-82.	12,500,000	-	12,500,000	-	-	-	-
Series F refunding bonds dated 5/1/81 with interest rates from 5 3/10% to 5 7/8%. \$7,780,000 refunded on 9/30/93. Final principal payment 5/1/94. Same as Series D.	11,770,000	-	11,770,000	-	-	-	-
Series F (second series) refunding bonds dated 9/01/93 with interest rates from 2.60% to 4.15%. Final principal payment due on 5/1/00. Same as Series D.	7,955,000	1,175,000	2,805,000	5,150,000	239,367	1,375,000	198,383
Series G bonds dated 12/1/87 with interest rates from 5 3/4% to 8%. Final principal payment due 5/01/07. Industry and Technology Bldg and Various Other Bldgs.	14,785,000	545,000	13,595,000	1,190,000	116,733	575,000	78,590
Series G (second series) dated 3/1/93 with interest rates of 3.10% to 5.60%. Final principal payment due on 5/1/07. Industry & Technology Bldg.	11,660,000	150,000	440,000	11,220,000	593,285	155,000	587,173

Murray State University Housing and Dining System
Revenue Bond and Interest Sinking Fund Account

Under the terms of the 1965 Indenture, there is also established a separate account designated the "Murray State University Housing and Dining System Revenue Bond and Interest Sinking Fund Account" (the "System Sinking Fund"). So long as any of the Bonds are outstanding, the System Sinking Fund shall be maintained and deposited with the Trustee and shall be used to pay principal and interest on all bonds outstanding and to accumulate a reserve therefor. Upon delivery of any bonds issued under the terms of the 1965 Indenture, there shall be deposited into the System Sinking fund the accrued interest, if any, plus an additional sum, if necessary, on capitalized interest received from the purchasers of the Bonds.

Commencing with the September 1 next following the delivery date for the issuance of these Series M Bonds, the University shall transfer from the System Revenue Fund, as the first charge thereon, and deposit to the credit of the System Sinking Fund on or before each succeeding February 1 and August 1 an amount, which together with sums as may then be available in said System Sinking Fund, shall be equal to the next succeeding interest payment to become due on the outstanding bonds and an amount equal to one-half of the principal payment to become due in the next succeeding twelve months. In addition to the principal and interest payments, an amount equal to 25% of the average annual debt service requirement for any new parity issue must be paid annually into the System Sinking Fund until the Debt Service Reserve equals the maximum debt service to become due on all outstanding bonds in any succeeding year.

All moneys held in the System Sinking Fund shall be secured and invested by the Trustee as provided in the Indenture. The System Sinking Fund is pledged irrevocably for the purpose of paying the interest and principal of the Bonds secured by the Indenture and only such amount therein as may be in excess of the Debt Service Reserve may be used for retiring Bonds before maturity.

Murray State University Housing and Dining System
Repair and Maintenance Reserve

There is created under the terms of the Indenture an account designated "Murray State University Housing and Dining System Repair and Maintenance Reserve" (the "System Repair and Maintenance Reserve") to be held by the Trustee separate and apart from all other accounts and funds. In accordance with the terms of the Indenture, the University has previously deposited at least the minimum aggregate requirement of \$550,000. Upon the issuance of these Bonds and any additional parity bonds issued in the future, the University has covenanted, after observing the priority of payments to the System Sinking Fund, to increase the annual transfer to the System Repair and Maintenance Reserve, in addition to the annual transfer required by the 1965 Indenture by 1/4 of 1% of the original amount of such parity bonds issued until the additional reserve equals 5% of such original principal amount of parity bonds.

Balances held in the System Repair and Maintenance Reserve may be used for unusual or extraordinary costs of maintenance, repair, replacement or operation of the System to the extent that they represent unanticipated deficiencies not previously budgeted. No withdrawal may be made from such Reserve to the extent that the aggregate balance is reduced below the sum of \$587,500 except by resolution of the University determining that an emergency exists requiring such expenditure to preserve the tentability and revenue-producing capacity of the Housing and Dining System. The Trustee may make withdrawals from the Repair and Maintenance Reserve to the extent required to prevent a default in the payment of maturing principal of or interest on the Bonds, in the event moneys available in the Sinking Fund and the Debt Service Reserve shall be insufficient for such purpose.

Investment of Funds

Moneys held in the System Repair and Maintenance Reserve and any amount held in the System Sinking Fund in excess of principal and interest requirements for the ensuing twelve month period shall be invested in direct or fully guaranteed obligations of the United States Government, maturing in not more than ten years. Moneys held in the System Sinking Fund for current principal and interest requirements (as distinguished from deposits for the Debt Service Reserve) may be invested in direct or fully guaranteed obligations of the

United States Government maturing or subject to redemption at the option of the holder not later than the time such funds must be disbursed.

Current Expenses

Current expenses of the System shall be payable from the System Revenue Fund but only from such amounts as remain therein after compliance with payments to the System Sinking Fund and System Repair and Maintenance Reserve. If, after making the above payments, the remaining funds in the System Revenue Fund are insufficient to provide full payment of the operating and maintenance expenses of the System, the University will: (a) impose such additional rentals as the University may at its discretion determine to be economically feasible and consistent with the educational duties of the University, or (b) the University will make up such deficiency from other sources in such manner as to constitute a binding contractual commitment of said University and of the Commonwealth of Kentucky over the entire life of these Bonds. A Resolution of the State Property and Buildings Commission, taking cognizance of this commitment on the part of the Commonwealth and authorizing the issuance of these Bonds will have been adopted prior to delivery of said bonds. It has been held by the highest court of the Commonwealth that such covenant does not create an unconstitutional debt of the Commonwealth.

After making the required disbursements above, any moneys remaining at the close of each Fiscal Year in the System Revenue Fund may be used (a) to redeem or prepay principal of outstanding Bonds, (b) to improve or restore any existing housing or dining facilities or to provide additional facilities, or (c) for any other lawful purpose.

Additional Bonds

Additional bonds ranking on a parity with these Bonds may be issued for the purpose of financing housing and dining facilities to be made a part of the Housing and Dining System providing:

- a) The University is in full compliance with all covenants and undertakings in connection with its then outstanding Housing and Dining System Bonds.
- b) There has been filed with the Trustee a certificate that an inspection of existing housing and dining buildings has been made and they are represented to be in good and current state of repair.
- c) The average of the audited annual Revenues of said System for the two Fiscal Years immediately preceding the issuance of said additional parity bonds (with adjustments to reflect any increase or decrease in rates charged or service rendered by the Housing and Dining System) and (1) an estimate of revenues to be derived from buildings to be constructed and/or added from the proceeds of such parity bonds and (2) an estimate of annual revenues to be derived from any building currently under construction and (3) an adjustment to reflect annual rents of buildings which have been in operation for less than one year, shall aggregate an amount equal to not less than 1.30 times the maximum amount which will be required in any future Fiscal Year for debt service on the bonds outstanding and parity bonds to be issued. The estimate of annual revenues as used above are subject to certain restrictions as further set out in the Indenture. The University may pledge as an additional source of payment for the Bonds the revenues of any buildings added to the System otherwise than through the issuance of bonds, or any additional student fees.

Defaults and Remedies

The Indenture defines an event of default, which includes failure to pay principal or any installment of interest when same become due on any of the bonds outstanding under the Indenture or any Supplemental Indenture; the University's being rendered incapable of fulfilling its obligations under the Indenture, any building representing a part of the Housing and Dining System Project being destroyed or damaged and not being repaired or replaced and insurance proceeds not being deposited in the Housing and Dining System Bond Fund, an order or decree being entered appointing a Receiver of all or part of the Housing and Dining

MURRAY STATE UNIVERSITY SCHEDULE OF BONDS PAYABLE For the Year Ended June 30, 1996									
	Original Issue	Matured Current Year	Funded to Date	Not Matured 06/30/96	Interest Expense Current Year	Bonds Maturing 1996-97	Interest Due 1996-97		
HOUSING AND DINING SYSTEM REVENUE BONDS									
Series A bonds dated 9/1/65 with an interest rate of 2 3/4%. Final principal payment date 9/1/95. Woods Hall.	\$ 705,000	\$ 10,000	\$ 705,000	\$ -	\$ 91	\$ -	\$ -		
Series B bonds dated 9/1/65 with an interest rate of 2 7/8%. Final principal payment date 9/1/97. Student Union Building.	605,000	30,000	545,000	60,000	1,868	30,000	1,006		
Series C bonds dated 9/1/65 with an interest rate of 3 1/8%. Final principal payment date 9/1/00. Richmond Hall.	635,000	25,000	495,000	140,000	4,504	25,000	3,723		
Series D bonds dated 9/1/65 with an interest rate of 3 1/8%. Final principal payment date 9/1/00. Clark Hall.	760,000	30,000	595,000	165,000	5,312	30,000	4,374		
Series E bonds dated 9/1/65 with an interest rate of 3 1/2%. Final principal payment date 9/1/01. College Court I.	387,000	15,000	292,000	95,000	3,412	15,000	2,887		
Series F bonds dated 9/1/65 with an interest rate of 3 1/2%. Final principal payment date 9/1/01. Franklin Hall and Winslow Cafeteria.	1,290,000	55,000	920,000	370,000	13,269	55,000	11,315		
Series G bonds dated 9/1/65 with an interest rate of 3 3/8%. Final principal payment date 9/1/00. College Court II.	400,000	20,000	300,000	100,000	3,487	20,000	2,812		
Series H bonds dated 9/1/65 with an interest rate of 3 3/8%. Final principal payment date 9/1/03. Elizabeth Hall and and Springer Hall.	1,845,000	75,000	1,210,000	635,000	21,851	75,000	19,291		
Series I bonds dated 9/1/65 with an interest rate of 3 5/8%. Final principal payment date 9/1/04. Hart Hall.	2,250,000	75,000	1,483,000	767,000	28,254	75,000	25,505		
Series J bonds dated 9/1/65 with an interest rate of 3 3/4%. Final principal payment date 9/1/04. College Court III.	510,000	15,000	335,000	175,000	6,656	15,000	6,062		
Series K bonds dated 9/1/65 with an interest rate of 3%. Final principal payment date 9/1/02. Hester Hall and White Hall.	3,280,000	105,000	1,975,000	1,305,000	39,522	135,000	35,771		
Series L bonds dated 9/1/68 with an interest rate of 3%. Final principal payment date 9/1/08. Regents Hall. Total Housing and Dining System Revenue Bonds	2,000,000	40,000	595,000	1,405,000	42,374	35,000	41,299		
	\$ 14,667,000	\$ 495,000	\$ 9,450,000	\$ 5,217,000	\$ 170,600	\$ 510,000	\$ 154,045		

MURRAY STATE UNIVERSITY
SCHEDULE OF INVESTMENTS BY FUND GROUPS
As of June 30, 1996

	U.S. Government Securities	Certificates of Deposit	Investments in State Investment Pool	Total
Unrestricted funds	\$ -	\$ -	\$ 11,363,542	\$ 11,363,542
Restricted funds	-	160,000	-	160,000
Endowment funds	-	540,000	-	540,000
Renewals and Replacements funds	686,506	-	768,214	1,454,720
Retirement of Indebtedness funds	4,502,740	-	-	4,502,740
Unexpended Plant funds	-	-	899,658	899,658
Total investments	<u>\$ 5,189,246</u>	<u>\$ 700,000</u>	<u>\$ 13,031,414</u>	<u>\$ 18,920,660</u>

System Project or Revenues therefrom; and failure under written notice by the Trustee (who is required to give such notice at the written request of the owners of 15% in aggregate amount of the outstanding bonds) to perform any covenant in the Indenture or any Supplemental Indenture, in such case within or for the specified period of grace, if any.

Upon the happening and continuance of any event of default, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five (25%) in principal amount of the all Bonds outstanding, will give notice in writing to the University, declaring the principal of all Bonds then outstanding to be due and payable, anything contained in the Indenture or any Supplemental Indenture to the contrary, notwithstanding; provided, however, that if at any time after the principal of the bonds will have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, moneys will have been accumulated in the Housing and Dining Bond Fund sufficient to pay all arrears of interest, if any, upon All Bonds then outstanding (except the interest accrued on such bonds since the last interest payment date), and the charges, compensation, expenses, distributes, advances and liabilities of the Trustee and all other amount then payable by the University under the Indenture will have been paid or a sum sufficient to pay the same will have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the bonds or in the Indenture or any Supplemental Indenture (other than a default in the payment of the principal of such bonds then due only because of a declaration under the Indenture) will have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of All Bonds then outstanding will, by written notice to the University, rescind and annul such declaration and its consequences, but no such recession or annulment will extend to or affect any subsequent default or impair any consequent thereon.

Upon the happening and continuance of any event of default, then and in every such case the Trustee may proceed, and upon the written request of the owners of not less than fifteen percent (15%) in principal amount of all Bonds then outstanding under the Indenture will proceed to protect and enforce its rights and the rights of the bondowners under the laws of the Commonwealth of Kentucky or under the Indenture or any Supplemental Indenture by such suits, actions, or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Indenture, the Trustee will be entitled to sue for, enforce payment of and receive any and all amount then or during any default becoming, and at any time remaining, due from the University for principal, interest, or otherwise under any of the provisions of the Indenture or any Supplemental Indenture of the bonds and unpaid together with any and all costs and expenses of collection and of all proceedings under the Indenture and under such bonds, without prejudice to any other right or remedy of the Trustee or of the bondowners, and to recover and enforce judgment or decree against the University, but solely as provided in the Indenture and in such bonds, for any portion of such amount remaining unpaid, with interest, costs and expenses, and to collect (solely from moneys from the Housing and Dining System Bond Fund and the Revenues of the Housing and Dining System Project pledged to the payment of the bonds by the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable.

Other Covenants of the University

The Board covenants, among other things, the following:

- a) That it will at all times maintain, preserve, and keep the System in good condition, repair and working order and will make all needful repairs, replacements, additions, betterments and improvements so that the operations and business of the System and every part thereof shall at all times be conducted properly and advantageously.

- b) That it will procure and maintain so long as any of the Bonds are outstanding, fire and extended coverage insurance on the System in amounts sufficient to provide full recovery when the loss does not exceed 80% of the full insurable value of the property, and also a minimum amount of \$50,000 of boiler explosion insurance.
- c) That it will procure public liability insurance (including vehicular liability insurance) with limits of not less than \$100,000 for one person, and \$300,000 for more than one person involved in one accident, providing provision is not otherwise made by law for disposition of such claim of such character as would be covered thereby.
- d) That the University will not undertake to exact or guarantee additional education buildings for housing and dining purposes except in the case of buildings which may be leased to fraternities or sororities, otherwise than as currently a part of the Housing and Dining System.
- e) That it will keep accurate financial records and proper books relating to the System, and such records and books shall be open to inspection by the Bondowners and their agents and representatives, and that not later than 120 days after the close of each Fiscal Year it will furnish to any Bondowner who shall request same in writing, an audit report prepared by an independent public accountant or by the state auditing official.
- f) That it will establish such parietal rules, rental rates and charges as may be necessary to (1) assure maximum occupancy and use of the facilities of the System and (2) provide, together with other funds herein pledged to payment of the Bonds, (i) the debt service on the Bonds, (ii) the required reserve therefor, (iii) the System Repair and Maintenance Reserve for which provision is made herein, and (iv) the operating and maintenance expenses of said facilities not provided from other sources.

UNIVERSITY AND ADMINISTRATIVE OFFICERS

Governing Board

The governing body of the University is the Board, consisting of eleven members, eight of whom are appointed by the Governor, one of whom is a member of the Student Body, one member of the University teaching faculty and one member of the University staff. Pursuant to Section 164.321 of the Kentucky Revised Statutes, the Board is a body corporate with the powers usually vested in corporations and as such, subject to the statutes of the Commonwealth, has control and management of the University, together with the properties and funds thereof. Effective July 1, 1997, the membership of the Board of Regents will be as follows with one position vacant due to the recent death of one of its members:

Sid Easley, Chairman
Murray, Kentucky

Beverly J. Ford, Vice-Chairman
Benton, Kentucky

Marilyn R. Buchanan, Member
Grand Rivers, Kentucky

Thomas A. Burich, Member
Lexington, Kentucky

G. Arlivia Gamble, Member
Hopkinsville, Kentucky

Philip M. Lanier, Member
Louisville, Kentucky

Wells T. Lovett, Member
Owensboro, Kentucky

Nancey France, Faculty Member
Murray, Kentucky

Lori Dial, Staff Member
Murray, Kentucky

Todd Earwood, Student Member
Murray, Kentucky

**MURRAY STATE UNIVERSITY
SCHEDULE OF CHANGES IN FUND BALANCE
INVESTMENT IN PLANT
For the Year Ended June 30, 1996**

Fund balance at beginning of year	\$ 117,453,827
Additions:	
Buildings	\$ 320,799
Construction in progress	6,283,154
Equipment	2,442,265
Improvements other than buildings	714,190
Land	104,346
Library books	912,077
Donated assets	9,989
Payment on bond principal	2,995,027
Reduction in lease obligations	67,143
Total additions	\$ 13,848,990
Deductions/Deletions/Disposals/Transfers:	
Buildings	\$ -
Construction in progress	1,146,141
Equipment	1,212,296
Library books	281,822
Other assets (leases)	85,258
Bond indebtedness transferred from unexpended plant funds	1,440,147
Amortization of bond discount and issuance costs	46,560
Loss on refunding	21,624
Other deductions	31,560
Total deductions	\$ 4,265,408
Fund balance at end of year	\$ 127,037,409

MURRAY STATE UNIVERSITY
SCHEDULE OF CHANGES IN FUND BALANCES
RETIREMENT OF INDEBTEDNESS
FOR THE ENDED JUNE 30, 1996

	Consolidated Education Bond and Sinking Fund	Housing and Dining Bond and Interest Sinking Fund	Asbestos and PCB Fund Project 48 and 54 Fund	Consolidated Education Series G Arbitrage Rebate Fund	Life Safety Project 50 and 55 Fund	Project 57 Fund	Project 59 Fund	Total
Fund balance (deficit) at beginning of year	\$ 3,380,502	\$ 901,763	\$ (28,704)	\$ 567	\$ (26,169)	\$ -	\$ -	\$ 4,227,959
Additions:								
Investment earnings	\$ 237,416	\$ 50,062	\$ -	\$ 29	\$ -	\$ -	\$ -	\$ 287,507
Transfer from current unrestricted fund	3,246,252	626,938	118,609	-	106,891	127,000	75,750	4,301,440
Other additions	-	3,918	-	-	-	6,204	2,136	12,258
Total additions	\$ 3,483,668	\$ 680,918	\$ 118,609	\$ 29	\$ 106,891	\$ 133,204	\$ 77,886	\$ 4,601,205
Deductions:								
Bonds paid	\$ 2,255,000	\$ 495,000	\$ 71,276	\$ -	\$ 38,351	\$ 68,500	\$ 66,900	\$ 2,995,027
Interest paid	1,210,018	170,600	39,234	-	65,026	83,693	16,486	1,585,057
Other deductions	2,379	2,865	833	-	840	6,251	-	13,168
Total deductions	\$ 3,467,397	\$ 668,465	\$ 111,343	\$ -	\$ 104,217	\$ 158,444	\$ 83,386	\$ 4,593,252
Fund balance (deficit) at end of year	\$ 3,396,773	\$ 914,216	\$ (21,438)	\$ 596	\$ (23,495)	\$ (25,240)	\$ (5,500)	\$ 4,235,912

Administrative Officers

The President of the University is Dr. Kern Alexander; Dr. James L. Booth is Provost and Vice President for Academic Affairs; Mr. Thomas W. Denton is Interim Vice President for Administrative Services and Chief Financial Officer; and Dr. Don Robertson is Vice President for Student Affairs. Their biographies are as follows:

Dr. Kern Alexander, President

Dr. Kern Alexander became the ninth president of Murray State University on July 1, 1994. Dr. Alexander received his baccalaureate degree in English and history at Centre College and earned a master's degree in education at Western Kentucky University. He went on to earn the doctorate degree in educational administration from Indiana University and received a **Graduate Diploma in Educational Administration "with distinction"** from Oxford University. Dr. Alexander began his teaching career in 1962. In 1964, he joined the Kentucky Department of Education and later became director of the division of statistical services and legislative liaison. As his career advanced, Alexander worked with the U.S. Office of Education, served on the faculty of the University of Florida and became director of the Institute for Educational Finance at the University of Florida. From 1982 to 1985, he served as education policy coordinator for Florida Governor Robert Graham. In 1985, he became president of Western Kentucky University until 1988. He served as University Distinguished Professor at Virginia Tech prior to coming to Murray State University. Dr. Alexander is a prolific writer and editor, with more than 30 books, numerous journal articles and chapters of books to his credit.

Dr. James L. Booth, Provost and Vice President for Academic Affairs

Dr. Booth received his B.A. from Glenville State College; his M.A. from West Virginia University and his Ph.D. from Purdue University. He has served Murray State University since 1976 in various roles, including Professor and Chair in the Department of Speech Communication and Theatre, Vice President for Academic Affairs, Acting President, and Acting President of the MSU Foundation. Dr. Booth was appointed Provost and Vice President for Academic and Student Affairs in 1990. Effective July 1996, Dr. Booth assumed the position of Provost and Vice President for Academic Affairs.

Mr. Thomas W. Denton, Interim Vice President for Administrative Services, AVP and CFO

Mr. Denton received his B.S. in Accounting from Arkansas State University and his M.B.A. from Murray State University; and is a Certified Public Accountant. He previously served as Comptroller of Mississippi County Community College in Arkansas. He also served in managerial and accounting positions in industry and public accounting. Mr. Denton was employed as Director of Accounting and Finance in 1989 and was appointed Director of Financial Management and Planning in 1992. He serves as treasurer to the Murray State University Board of Regents. Effective July 1996, Mr. Denton assumed the position of Associate Vice President for Administrative Services and Chief Financial Officer and currently serves as Interim Vice President for Administrative Services.

Dr. Don Robertson, Vice President for Student Affairs

Dr. Robertson received his B.S. in Business Administration from the University of North Carolina; his M.S. in Counseling from the University of Tennessee; and his Ed.D. in Higher Education Administration from West Virginia University. He has served at Murray University since 1992 as the Chief Student Affairs Officer and Assistant Professor of Business Administration. Effective July 1996, Dr. Robertson assumed the position of Vice President for Student Affairs.

FUTURE DEBT

The University plans to construct new residential facilities to replace a current dormitory within the next three fiscal years. These new facilities will be small apartment-style buildings holding 40 to 50 students each.

Each building would cost approximately \$800,000. If Housing and Dining System bonds are issued for these new buildings, the anticipated net new debt will be approximately \$3.2 million.

TAX TREATMENT

In the opinion of Bond Counsel for the Series M Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series M Bonds is excludable from gross income for Federal income tax purposes. Bond Counsel for the Series M Bonds is also of the opinion that interest on the Series M Bonds is not a specific item of tax preference under §57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel for the Series M Bonds is of the opinion that interest on the Series M Bonds is exempt from income taxation and the Series M Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series M Bonds. The University has covenanted to comply with certain restrictions designed to ensure that interest on the Series M Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series M Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series M Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series M Bonds may adversely affect the tax status of the interest on the Series M Bonds.

Certain requirements and procedures contained or referred to in the Trust Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series M Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series M Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Peck, Shaffer & Williams, L.L.P.

Although Bond Counsel for the Series M Bonds has rendered an opinion that interest on the Series M Bonds is excludable from gross income for Federal income tax purposes and the above-described opinion with respect to Kentucky taxation of the Series M Bonds, the ownership or disposition of, or the accrual or receipt of interest on, the Series M Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series M Bonds on the tax liabilities of the individual or entity.

For example, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under §56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Series M Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by §884 of the Code, increasing the federal tax liability of certain insurance companies, under §832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to §§1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits, under §86 of the Code and limiting the use of the Earned Income Credit under §32 of the Code that might otherwise be available. Ownership of any Series M Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to §265 of the Code. Finally, residence of the holder of Series M Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Series M Bonds.

**MURRAY STATE UNIVERSITY
SCHEDULE OF CHANGES IN FUND BALANCES
RENEWAL AND REPLACEMENTS
For the Year Ended June 30, 1996**

	Consolidated Education Renewal and Replacement	Housing and Dining Repair and Maintenance	Total
Fund balance at beginning of year	\$ 3,049,803	\$ 658,068	\$ 3,707,871
Additions:			
Interest income	\$ 66,724	\$ 40,671	\$ 107,395
Other additions	425,000	3,761	428,761
Total additions	\$ 491,724	\$ 44,432	\$ 536,156
Deductions:			
Transfers to current funds	\$ 1,312,623	\$ -	\$ 1,312,623
Other deductions	425,000	5,200	430,200
Total deductions	\$ 1,737,623	\$ 5,200	\$ 1,742,823
Fund balance at end of year	\$ 1,803,904	\$ 697,300	\$ 2,501,204

MURRAY STATE UNIVERSITY
SCHEDULE OF PROJECT ACCOUNTS (cont.)
UNEXPENDED PLANT FUNDS
For the Year Ended June 30, 1996

	Allotments		Expenditures		Outstanding Encumbrances	Balance June 30, 1996
	Prior to July 1, 1995	Received 1995-96	Prior to July 1, 1995	1995-96		
	\$ 1,500,000	\$ -	\$ 817,891	\$ 641,249	\$ 1,459,140	\$ 29,080
717 Fire damage cleanup	12,500	(12,500)	-	-	-	-
720 Repair freezer floor - general serv bldg	2,500	(994)	1,506	-	1,506	-
721 Environmental audit - north farm	55,000	(55,000)	31,606	(31,606)	-	-
722 Heating system - Lovett auditorium	100,000	-	7,191	2,638	-	90,173
723 Museum enhancement - wickliffe mounds	19,250	135,625	-	65,878	80,283	8,714
724 Sprinkler system - Lovett auditorium	50,000	1,234,508	-	170,279	1,597,578	(483,349)
725 Blackburn science research modernization	60,000	28,000	-	69,000	-	19,000
726 Window replacement - Lovett auditorium	120,000	3,464	-	123,464	-	-
727 Parking lot modifications - 16th & Hamilton	58,300	691,700	-	352,886	289,331	107,783
728 Winslow cafeteria renovation	4,675	129,051	75	117,568	5,714	10,369
730 BVC building system improvements	140,000	43,212	-	183,212	-	-
731 Parking lot - Hamilton & broach streets	15,070	-	-	139	-	14,931
732 Doyle elevator renovation	5,000	-	697	1,321	-	2,982
733 Wilson foundation waterproofing	5,000	76,600	1,000	5,437	64,000	11,163
734 Sparks exterior repairs	5,000	45,000	890	2,611	3,501	23,499
735 Carr health - pool liner	15,000	25,411	-	33,914	-	6,497
736 Pogue exterior paint	100,000	-	-	76,831	-	23,169
737 Quadrangle lighting replacement	-	50,000	-	-	-	50,000
738 Doyle fine arts complex improvements	-	150,000	-	109,877	-	40,123
739 Carr health windows-lead abate & paint	-	136,555	-	25,318	68,050	43,187
740 Regents hall condensate system repairs	-	95,000	-	195	79,880	15,125
741 Hancock boat dock	-	550,000	-	20	503,400	46,580
742 Football field conversion	-	12,000	-	-	-	12,000
743 Motor pool diesel tank	-	50,000	-	-	-	50,000
744 Central plant fuel tank	-	321,000	-	-	-	321,000
818 E & G smoke detectors	-	690,000	-	-	-	690,000
821 High volt oil switch	-	-	-	-	-	-
Total	\$ 25,429,554	\$ 4,928,903	\$ 20,464,366	\$ 4,885,068	\$ 25,349,434	\$ 1,223,748

QUALIFIED TAX-EXEMPT OBLIGATIONS

Pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the University, by the adoption of the Supplemental Indenture, has designated the Bonds as "qualified tax-exempt obligations" within the meaning of the Code and certified that it does not reasonably anticipate that the total principal amount of tax-exempt obligations which will be issued by the University during the calendar year ending December 31, 1997, will exceed \$10,000,000.

CONTINUING DISCLOSURE EXEMPTION

In accordance with the requirements of Rule 15c2-12, as amended and interpreted from time to time, (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the bonds are exempt from the Rule in that the par amount of the Bonds being issued is less than \$1,000,000.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or the due existence or powers of the University.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Peck, Shaffer & Williams, L.L.P., Covington, Kentucky, Bond Counsel to the University. The approving legal opinion of Bond Counsel will be printed on the Bonds and will contain a statement of tax exemption as represented herein. Bond Counsel has reviewed the information herein pertaining to the Bonds under the headings, "The Bonds", "Security for the Bonds", "The Construction Project", "Certain Provisions of the Indenture", "Tax Treatment", "Qualified Tax-Exempt Obligations" and "Continuing Disclosure Exemption" and is of the opinion that such information is a fair summary of the principal provisions of the instruments and information therein described. Said firm has not otherwise participated in the preparation of the Official Statement or the Exhibits attached hereto and has not verified the accuracy or completeness of the information contained under any heading other than those stated above, nor of any financial information, enrollment numbers, projections, or computations relating thereto, and therefore, can make no representation with respect to such information. The matters set forth under "Absence of Material Litigation" will be delivered by the University with the Bonds.

RATING

Standard & Poor's Ratings Group ("S&P") have assigned the Bonds a rating of " ". Such rating reflects only the opinion of S&P and an explanation of the significance of such rating may be obtained directly therefrom. There can be no assurance that the rating will continue for any period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

FISCAL AGENT

The Bonds will be sold by the solicitation and receipt of sealed competitive bids. J.J.B. Hilliard, W.L. Lyons, Inc., Louisville, Kentucky, Fiscal Agent to the University, has requested and received permission and approval of the University to bid, either alone or in conjunction with others, on the Bonds. The Fiscal Agent has expressed its intent to bid.

APPROVAL OF ISSUANCE OF BONDS

Pursuant to Chapter 42 of the Kentucky Revised Statutes, issuance of the Bonds will be approved by the Kentucky Finance and Administration Cabinet, Office of Financial Management and Economic Analysis.

FINANCIAL STATEMENTS AND INDEPENDENT PUBLIC ACCOUNTANTS

The financial statements of the University as of June 30, 1996 and for the year then ended, which are attached as Appendix D, were reported on by the independent certified public accounting firm.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, the Treasurer of the University will certify that, to the best of his knowledge, this Official Statement did not as of the date of delivery of the Bonds, contain any untrue statements of a material fact or omit to state a material fact which should be included therein for the purpose of which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances which they were made, not misleading in any material respect.

COMPLETENESS OF OFFICIAL STATEMENT

The University has approved and caused this official statement to be executed and delivered by its President.

The financial information supplied by the University and reported herein is represented by the University to be correct. Only accounts required by Federal and State laws, rules and regulations to be audited annually by independent certified public accountants have been so audited and the financial information extracted from their annual audits and presented herein is incomplete to the degree that accounts not required to be so audited have not been included in the annual audits contained in Appendix D.

All quotations from, and summaries and explanations of, the Kentucky Revised Statutes, the Resolution and Indenture and the Supplemental Indenture, contained herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. The Appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Resolution and Indenture, or the Supplemental Indenture may be obtained from J.J.B. Hilliard, W.L. Lyons, Inc., 501 S. Fourth Avenue, Louisville, Kentucky 40202.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the University and the purchasers or owners of any of the Bonds.

MURRAY STATE UNIVERSITY

By /s/ Chairman, Board of Regents

Attest:

MURRAY STATE UNIVERSITY

By /s/ Secretary

MURRAY STATE UNIVERSITY
SCHEDULE OF PROJECT ACCOUNTS
UNEXPENDED PLANT FUNDS
For the Year Ended June 30, 1996

	Allotments		Expenditures		Outstanding Encumbrances	Balance June 30, 1996
	Prior to July 1, 1995	Received 1995-96	Total	Prior to July 1, 1995	1995-96	Total
100 Clearing	\$ 61,196	\$ -	\$ 61,196	\$ -	\$ -	\$ 61,196
131 Land acquisitions	1,200,690	94,000	1,294,690	1,192,796	94,750	1,287,546
251 Industry and technology building	13,750,000	-	13,750,000	13,750,000	-	13,750,000
300 Con ed series e & f clearing	989,716	-	989,716	882,764	-	882,764
400 Con ed series g clearing	-	-	-	83,542	-	83,542
405 Renovate old fine arts building	3,950,000	-	3,950,000	1,390,067	1,630,917	3,020,984
410 National boy scout museum phase IV	36,814	-	36,814	28,064	-	28,064
500 Project 48 bonds clearing	-	-	-	172,368	-	172,368
503 Hazardous waste storage	85,000	-	85,000	83,112	1,888	85,000
514 New campus phone switch	908,548	(129)	908,419	908,419	-	908,419
534 Fire alarm repl & compr gas storage	67,500	-	67,500	63,488	4,012	67,500
537 Underground fuel tank replacement	137,000	(25,980)	111,020	111,020	-	111,020
543 Serum chemistry analysis	80,000	-	80,000	80,000	-	80,000
551 Hancock bio st. cabins, bathhouse	90,000	(777)	89,223	87,280	1,943	89,223
600 Project 50 bonds clearing	-	-	-	38,290	-	38,290
605 Expo center roof replacement	35,000	236,000	271,000	-	229,967	229,967
621 HVAC curris center ballroom	7,700	(1,325)	6,375	6,375	-	6,375
622 BVC HVAC system	149,070	(2,141)	146,929	125,230	21,699	146,929
623 Expo/south farm inventory	90,000	(6,149)	83,851	73,591	10,260	83,851
624 Shower/eyewash station	31,500	-	31,500	13,699	17,514	31,213
626 E&G fire horn upgrade	43,500	-	43,500	9,864	1,324	11,188
628 Pogue plaster/paint	20,000	(5,411)	14,589	14,589	-	14,589
631 Hancock researcher cabins	30,000	(64)	29,936	29,624	312	29,936
634 Remote fire alarm monitoring system	73,675	(6,356)	67,319	66,819	500	67,319
636 Elevator fireman's service	89,550	(6,802)	82,748	82,748	-	82,748
637 Faculty hall elevator renovation	300,000	40,000	340,000	251,229	33,531	284,760
641 Renovate woods hall	300,000	210,000	510,000	-	366,238	366,238
643 Lowry emergency generator	16,000	(895)	15,105	-	15,105	15,105
644 Springer hall - shower base replacement	136,000	(12,107)	123,893	35,738	88,155	123,893
645 Masonry defects - curris center	208,800	(93)	208,707	8,729	199,978	208,707
706 Equine instruction facility	25,000	18,500	43,500	-	6,361	6,361
708 Roof replacement - general ser bldg	250,000	-	250,000	14,065	222,655	236,720

MURRAY STATE UNIVERSITY
SCHEDULE OF PROJECT ALLOTMENTS (cont.)
UNEXPENDED PLANT FUNDS
For the Year Ended June 30, 1996

		State Appro- piation	Trust and Agency Fund	Investment Income	Other State Funds	Revenue Bond Proceeds	Other	Total
721	Environmental audit - north farm	\$ -	\$ 1,506	\$ -	\$ -	\$ -	\$ -	\$ 1,506
723	Museum enhancement - wickliffe mounds	-	100,000	-	-	-	-	100,000
724	Lovett auditorium sprinkler system	-	154,875	-	-	-	-	154,875
725	Blackburn science research modernization	-	26,563	-	-	1,200,000	57,946	1,284,509
726	Lovett auditorium window replacement	-	88,000	-	-	-	-	88,000
727	Parking lot modifications - 16th & hamilton	-	123,464	-	-	-	-	123,464
728	Winslow cafeteria renovation	-	750,000	-	-	-	-	750,000
730	BVC bldg system improvements	-	133,726	-	-	-	-	133,726
731	Parking lot - hamilton & broach streets	-	183,212	-	-	-	-	183,212
732	Doyle fine arts elevator renovations	-	15,070	-	-	-	-	15,070
733	Wilson hall foundation waterproofing	-	5,000	-	-	-	-	5,000
734	Sparks hall exterior repairs	-	81,600	-	-	-	-	81,600
735	Carr health swimming pool liner	-	50,000	-	-	-	-	50,000
736	Pogue library exterior painting	-	40,411	-	-	-	-	40,411
737	Quadrangle lighting replacement	-	100,000	-	-	-	-	100,000
738	Fine arts complex improvements	-	50,000	-	-	-	-	50,000
739	Carr health - pool liner	-	150,000	-	-	-	-	150,000
740	Regents hall condensate system repairs	-	136,555	-	-	-	-	136,555
741	Hancock boat dock	-	95,000	-	-	-	-	95,000
742	Football field conversion	-	182,201	200,056	-	167,743	-	550,000
743	Motor pool diesel tank	-	-	-	-	12,000	-	12,000
744	Central plant fuel tank	-	-	-	-	50,000	-	50,000
818	E & G smoke detectors	-	-	-	321,000	-	-	321,000
821	High voltage oil switch	-	-	-	690,000	-	-	690,000
	Total	\$ 343	\$ 6,227,342	\$ 2,446,598	\$ 2,816,894	\$ 18,765,834	\$ 101,446	\$ 30,358,457

APPENDIX A

Murray State University
Housing and Dining System
Revenue Bonds, Series M

The Housing and Dining System and
Operations of the University

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MURRAY STATE UNIVERSITY
SCHEDULE OF PROJECT ALLOTMENTS
UNEXPENDED PLANT FUNDS
For the Year Ended June 30, 1996

		State Appro- priation	Trust and Agency Fund	Investment Income	Other State Funds	Revenue Bond Proceeds	Other	Total
100	Clearing	\$ 343	\$ -	\$ 56	\$ -	\$ 60,796	\$ -	\$ 61,195
131	Land acquisitions	-	938,423	356,267	-	-	-	1,294,690
251	Industry and technology building	-	-	1,250,000	-	12,500,000	-	13,750,000
300	Con ed series e & f clearing	-	-	173,805	-	815,911	-	989,716
405	Renovate old fine arts building	-	-	330,616	-	3,619,384	-	3,950,000
410	National boy scout museum phase IV	-	36,814	-	-	-	-	36,814
503	Hazardous waste storage	-	-	-	85,000	-	-	85,000
514	New campus phone switch	-	908,419	-	-	-	-	908,419
534	Fire alarm repl & compr gas storage	-	-	-	67,500	-	-	67,500
537	Underground fuel tank replacement	-	62,000	-	49,020	-	-	111,020
543	Serum chemistry analyzer - BVC	-	80,000	-	-	-	-	80,000
551	Hancock bio st. cabins, bathhouse	-	89,223	-	-	-	-	89,223
605	Expo center roof replacement	-	271,000	-	-	-	-	271,000
621	HVAC curris center ballroom	-	6,375	-	-	-	-	6,375
622	BVC HVAC system	-	146,929	-	-	-	-	146,929
623	Expo/south farm inventory	-	83,851	-	-	-	-	83,851
624	Shower/eyewash station	-	-	-	31,500	-	-	31,500
626	E&G fire horn upgrade	-	-	24,945	18,555	-	-	43,500
628	Pogue plaster/paint	-	14,589	-	-	-	-	14,589
631	Hancock researcher cabins	-	29,936	-	-	-	-	29,936
634	Remote fire alarm monitoring system	-	-	13,000	54,319	-	-	67,319
636	Elevator fireman's service	-	-	82,748	-	-	-	82,748
637	Faculty hall elevator renovation	-	-	-	-	340,000	-	340,000
641	Renovate woods hall	-	510,000	-	-	-	-	510,000
643	Lowry emergency generator	-	-	15,105	-	-	-	15,105
644	Clark shower base replacement	-	123,893	-	-	-	-	123,893
645	Masonry defects - curris center	-	208,707	-	-	-	-	208,707
706	Equine instruction facility	-	-	-	-	-	43,500	43,500
708	Roof replacement - gen serv bldg	-	250,000	-	-	-	-	250,000
717	Fire damage cleanup	-	-	-	1,500,000	-	-	1,500,000

MURRAY STATE UNIVERSITY
SCHEDULE OF CHANGES IN FUND BALANCE
UNEXPENDED PLANT FUNDS
For the Year Ended June 30, 1996

Fund balance at beginning of year	\$ 3,072,343
Additions:	
Transfers from current funds	\$ 2,288,528
Interest earnings	36,345
Transfer bonded debt to investment in plant	1,440,147
Proceeds from bonds	1,551,000
State construction funds	1,011,000
Other additions	97,120
Total additions	\$ 6,424,140
Deductions:	
Current expenditures	\$ 4,885,068
State funds	25,980
New bond indebtedness	1,551,000
Total deductions	\$ 6,462,048
Fund balance at end of year	\$ 3,034,435

THE HOUSING AND DINING SYSTEM

Murray State University's Housing and Dining System refers to the housing and dining buildings, appurtenant facilities and related auxiliary enterprises located in Murray, Calloway County, Kentucky comprising portions of the University, as identified as Clark Hall, Franklin Hall, Hart Hall, Regents Hall, Richmond Hall, White Hall, Woods Hall, Elizabeth Hall, Hester Hall and Springer Hall, Winslow Cafeteria and the University Center, and as the same may be true in the future by including therein any other housing and dining facilities or related auxiliary enterprises and in accordance with the provisions of the Trust Indenture and the Supplemental Indenture.

Residence Hall Capacity And Occupancy

Fall 1992-1996

	<u>1992</u>		<u>1993</u>		<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>C</u>	<u>O</u>	<u>C</u>	<u>O</u>	<u>C</u>	<u>O</u>	<u>C</u>	<u>O</u>	<u>C</u>	<u>O</u>
<u>Residence Hall</u>										
<u>Male</u>										
Waiver Students	---	---	---	52	---	17	---	27	---	33
Clark-Men	257	219	105	90	105	91	105	92	122	100
Elizabeth-Men ⁽¹⁾	---	---	---	---	---	---	---	---	144	128
Franklin	319	251	319	280	319	271	319	246	312	266
Hart	535	456	535	471	535	483	535	481	264	238
Hester-Men ⁽¹⁾	---	---	---	---	---	---	---	---	135	121
Regents - Men ⁽¹⁾	---	---	---	---	98	85	98	90	182	166
Richmond	229	187	229	215	229	211	229	191	98	80
White - Men ⁽¹⁾	97	96	97	88	97	93	97	95	190	158
Woods - Men ⁽²⁾	<u>131</u>	<u>117</u>	<u>131</u>	<u>151</u>	---	---	---	---	---	---
Total	1,568	1,326	1,416	1,295	1,383	1,251	1,383	1,222	1,447	1,290
% Occupancy	85%		92%		90%		88%		89%	
<u>Female</u>										
Waiver Students	---	---	---	52	---	21	---	35	---	58
Clark - Women ⁽³⁾	---	---	152	102	152	128	152	132	149	140
Elizabeth	299	286	299	248	299	278	299	283	150	141
Hart-Women ⁽³⁾	---	---	---	---	---	---	---	---	268	255
Hester	322	300	322	261	322	294	322	296	180	170
Regents-Women	383	342	383	321	285	262	285	273	196	180
Richmond-Women ⁽³⁾	---	---	---	---	---	---	---	---	124	118
Springer	293	272	293	255	293	280	293	282	298	274
White - Women	98	93	98	94	98	95	98	102	196	185
Woods - Women ⁽³⁾	<u>282</u>	<u>181</u>	<u>282</u>	<u>88</u>	---	---	---	---	---	---
Total	1,677	1,474	1,829	1,369	1,449	1,358	1,449	1,403	1,561	1,521
% Occupancy	88%		75%		94%		97%		97%	
Grand Total	<u>3,245</u>	<u>2,800</u>	<u>3,245</u>	<u>2,664</u>	<u>2,832</u>	<u>2,609</u>	<u>2,832</u>	<u>2,625</u>	<u>3,008</u>	<u>2,811</u>
Overall %										
Occupancy	86%		82%		92%		93%		93%	

C = Capacity (reflects change in room usage)

O = Occupancy

⁽¹⁾ Did not have male residents prior to indicated year.

⁽²⁾ Woods Hall was closed in 1994-95.

⁽³⁾ Did not have female residents prior to indicated year.

Source: Murray State University

A-1

Residence Hall Capacity And Occupancy (cont'd.)

Spring 1992-1996

	1992		1993		1994		1995		1996	
	C	O	C	O	C	O	C	O	C	O
Residence Hall										
Male										
Waiver Students	---	---	---	---	---	---	---	13	---	15
Clark-Men	257	209	257	193	105	96	105	82	105	90
Franklin	319	221	319	220	319	252	319	243	319	230
Hart	535	443	535	436	535	454	535	428	535	453
Regents - Men ⁽¹⁾	---	---	---	---	---	---	98	86	98	80
Richmond	229	182	229	162	229	204	229	167	229	169
White - Men ⁽¹⁾	---	---	97	93	97	96	97	94	97	95
Woods - Men ⁽²⁾	<u>196</u>	<u>176</u>	<u>131</u>	<u>107</u>	<u>131</u>	<u>89</u>	---	---	---	---
Total	1,536	1,231	1,568	1,211	1,416	1,191	1,383	1,113	1,383	1,132
% Occupancy	80%		77%		84%		80%		82%	
Female										
Waiver Students	---	---	---	---	---	---	---	17	---	23
Clark - Women ⁽³⁾	---	---	---	---	152	93	152	114	152	130
Elizabeth	299	278	299	242	299	224	299	242	299	263
Hester	322	235	322	264	322	241	322	261	322	276
Regents-Women	383	340	383	327	383	298	285	246	285	246
Springer	293	233	293	250	293	235	293	251	293	263
White - Women	391	284	98	95	98	83	98	90	98	82
Woods - Women ⁽³⁾	<u>228</u>	<u>129</u>	<u>282</u>	<u>116</u>	<u>282</u>	<u>68</u>	---	---	---	---
Total	1,916	1,499	1,677	1,294	1,829	1,242	1,449	1,221	1,449	1,283
% Occupancy	78%		77%		68%		84%		89%	
Grand Total	<u>3,452</u>	<u>2,730</u>	<u>3,245</u>	<u>2,505</u>	<u>3,245</u>	<u>2,433</u>	<u>2,832</u>	<u>2,334</u>	<u>2,832</u>	<u>2,415</u>
Overall % Occupancy	79%		77%		75%		82%		85%	

C = Capacity (reflects change in room usage)
O = Occupancy

⁽¹⁾ Did not have male residents prior to indicated year.

⁽²⁾ Woods Hall was closed in 1994-95.

⁽³⁾ Did not have female residents prior to indicated year.

Source: Murray State University

MURRAY STATE UNIVERSITY
SCHEDULE OF CHANGES IN FUND BALANCES
ENDOWMENT FUNDS
For the Year Ended June 30, 1996

Fund balance at beginning of year	\$ 1,645,183
Additions:	
Gifts and donations	\$ 936,169
Endowment income	171,291
Transfers from current restricted fund	<u>140,724</u>
Total additions	\$ 1,248,184
Cumulative effect of change in accounting method	\$ <u>6,871,910</u>
Fund balance at end of year	\$ <u>9,765,277</u>

MURRAY STATE UNIVERSITY
SCHEDULE OF CHANGES IN FUND BALANCES
LOAN FUNDS
For the Year Ended June 30, 1996

	Student Nurse Loan Program Fund	Perkins Student Loan Fund	Norris Loan Program Fund	Owen Student Loan Fund	Total
Fund balance at beginning of year	\$ 291,681	\$ 4,156,022	\$ 28,569	\$ 80,866	\$ 4,557,138
Additions:					
Interest	\$ 11,620	\$ 97,009	\$ 1,504	\$ 3,906	\$ 114,039
Federal contributions	-	4,901	-	-	4,901
Other additions	37	41,255	139	-	41,431
Mandatory transfer - Perkins match	-	1,634	-	-	1,634
Total additions	\$ 11,657	\$ 144,799	\$ 1,643	\$ 3,906	\$ 162,005
Deductions:					
Cancellations - teaching	\$ -	\$ 35,815	\$ -	\$ -	\$ 35,815
Cancellations - death	-	5,741	-	-	5,741
Cancellations - disability	2,500	6,000	-	-	8,500
Cancellations - bankruptcy	-	5,080	-	-	5,080
Cancellations - law	-	2,375	-	-	2,375
Cancellations - medical	-	425	-	-	425
Cancellations - family	-	1,245	-	-	1,245
Cancellations - special education	-	667	-	-	667
Cancellations - foreign language	-	470	-	-	470
Adjustment in allowance for bad debts	37	2,449	2,444	(161)	4,769
Administrative costs	-	53,068	(176)	-	52,892
Collection costs	(82)	3,850	6	5	3,779
Other deductions	185	4,052	-	20	4,257
Total deductions	\$ 2,640	\$ 121,237	\$ 2,274	\$ (136)	\$ 126,015
Fund balance at end of year	\$ 300,698	\$ 4,179,584	\$ 27,938	\$ 84,908	\$ 4,593,128

Room And Board Rates

	Fiscal Year		
	1995-96	1996-97	1997-98
ROOM RATES: (Per Semester)			
Dorm -			
Double Room	\$ 665 ⁽¹⁾	\$ 695 ⁽¹⁾	\$ 735
Private Room	1,000 ⁽¹⁾	1,045 ⁽¹⁾	1,105
Apartments -			
One Bedroom (per month)	\$ 310	\$ 325	\$ 355
Two Bedroom (per month)	370	385	410
MEAL PLANS: (Per Semester)			
19 meals per week	\$ 940	\$ 975	\$1,035
15 meals per week	885 ⁽²⁾	915 ⁽²⁾	970 ⁽²⁾
10 meals per week	790 ⁽²⁾	820 ⁽²⁾	865 ⁽²⁾
5 meals per week	405 ⁽²⁾	420 ⁽²⁾	445 ⁽²⁾

⁽¹⁾ Students who have lived in university housing for four consecutive semesters (fall and spring) beginning with 92-93 school year, will have their housing charge set at a fixed rate equal to the housing rate in effect during their fourth semester with a guarantee of no future increases as long as continuous occupancy is maintained. Any student who is dependent child (23 years of age or younger) of a current MSU faculty or staff member will be given a discounted room rate (current room less \$100).

⁽²⁾ Racer Plans purchase specified number of meals per week. Thoroughbred Plans purchase specified number of meals per semester.

Source: Murray State University

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Revenues Pledged as Defined in the Indenture

Fiscal Year Ending	Gross Housing Revenue	Student Activity Fee	Net Dining Operations	Totals
1992	\$3,793,070	\$ 0	\$404,129	\$4,197,199
1993	4,059,474	0	397,302	4,456,776
1994	4,078,723	120,788	210,410	4,409,921
1995	4,152,675	118,542	115,661	4,386,878
1996	4,357,496	120,022	123,914	4,601,432

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES
AND TRANSFERS BY MAJOR OBJECT (CONT.)
For the Year Ended June 30, 1996
With Comparative Figures as of June 30, 1995

Housing & Dining System
Summary Of Revenues And Expenses

	Fiscal Year				
	1992	1993	1994	1995	1996
Housing Fees	\$ 3,602,974	\$ 3,724,871	\$ 3,857,969	\$ 3,879,538	\$ 4,039,330
Other Housing Revenue	190,096	334,603	220,754	273,137	318,166
Subtotal	3,793,070	4,059,474	4,078,723	4,152,675	4,357,496
Dining Sales	3,584,601	3,555,969	3,533,011	3,533,204	3,685,845
Other Dining Revenue	122,789	214,505	202,106	317,468	334,099
Subtotal	3,707,390	3,770,474	3,735,117	3,850,672	4,019,944
Carris Center Activity Fee	0	0	120,788	118,542	120,022
Other Revenue	88,192	86,301	72,535	62,509	60,744
Subtotal	88,192	86,301	193,323	181,051	180,766
Total	\$ 7,588,652	\$ 7,916,249	\$ 8,007,163	\$ 8,184,398	\$ 8,558,206
Expenses (exclusive of Debt Service)					
Housing	\$ 3,434,911	\$ 3,278,104	\$ 3,179,962	\$ 3,638,808	\$ 4,190,903
Dining	3,303,261	3,373,172	3,524,707	3,735,011	3,896,030
Carris Center	457,952	491,343	532,266	569,547	607,645
Total Expenses	\$ 7,196,124	\$ 7,142,619	\$ 7,236,935	\$ 7,943,366	\$ 8,694,578
Excess Revenue over Expenses	\$ 392,528	\$ 773,630	\$ 770,228	\$ 241,032	\$ (136,372)
Interest Income from Debt Service & Replacement Fund	51,012	30,225	21,545	37,569	51,637
Total	\$ 443,540	\$ 803,855	\$ 791,773	\$ 278,601	\$ (84,735)
Annual Debt Service	\$ 648,895	\$ 650,238	\$ 658,607	\$ 651,488	\$ 646,419

NOTE: Housing and Dining System is subsidized by other auxiliary units including MSU Bookstore.

Source: Murray State University

Coverage Of Debt Service Requirements

This calculation of coverage of debt service requirements as set forth below is based on the estimated schedule of annual debt service requirements for the Housing and Dining System Revenue Bonds.

	Housing and Dining System
Calculations for Parity Bonds (as defined in the Indenture and Supplemental Indenture, respectively) (Minimum Allowable Coverage - 1.30x) Average of Adjusted Revenues, 1994-95/1995-96	\$4,494,155
Estimated Maximum Annual Debt Service Requirement	\$732,169
Times Estimated Maximum Debt Service Covered	6.13x

The Housing and Dining System Series M Bonds will be parity bonds with all outstanding Housing and Dining System Revenue Bonds.

(1) Occurs in fiscal year 2001

SUMMARY BY MAJOR OBJECT-
Expenditures:

	1996			1995
	Unrestricted	Restricted	Total	
Personnel services	\$ 47,314,454	\$ 2,857,846	\$ 50,172,300	\$ 47,554,235
Current operating expenses	23,844,627	6,885,409	30,730,036	26,418,875
Capital outlay	2,048,882	1,097,526	3,146,408	2,373,684
Total	\$ 73,207,963	\$ 10,840,781	\$ 84,048,744	\$ 76,346,794
Mandatory transfers for:				
Bond principal and interest	\$ 4,301,440	\$ -	\$ 4,301,440	\$ 4,262,235
Note payable principal and interest	-	-	-	197,601
Perkins fund matching grant	1,634	-	1,634	1,157
Total	\$ 4,303,074	\$ -	\$ 4,303,074	\$ 4,460,993
Non-mandatory transfers:				
From renewal and replacement fund	\$ (1,312,623)	\$ -	\$ (1,312,623)	\$ (278,869)
To unexpended plant fund	2,145,691	142,837	2,288,528	1,606,945
To endowment fund	-	140,724	140,724	-
Total	\$ 833,068	\$ 283,561	\$ 1,116,629	\$ 1,328,076
Total Expenditures and Transfers	\$ 78,344,105	\$ 11,124,342	\$ 89,468,447	\$ 82,135,863

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES
AND TRANSFERS BY MAJOR OBJECT (CONT.)
For the Year Ended June 30, 1996
With Comparative Figures as of June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATIONAL AND GENERAL (cont.)				
Expenditures (cont.)				
Student financial aid:				
Personnel services	\$ 21,373	\$ 12,794	\$ 34,167	\$ 19,901
Current operating expenses	4,499,774	5,385,825	9,885,599	8,787,241
Capital outlay	1,795	-	1,795	5,481
Total	\$ 4,522,942	\$ 5,398,619	\$ 9,921,561	\$ 8,812,623
Mandatory transfers for:				
Bond payable principal and interest	\$ 3,706,658	\$ -	\$ 3,706,658	\$ 3,648,316
Note payable principal and interest	-	-	-	197,601
Perkins fund matching grant	1,634	-	1,634	1,157
Total	\$ 3,708,292	\$ -	\$ 3,708,292	\$ 3,847,074
Non-mandatory transfers:				
From auxiliary enterprises	\$ (77,320)	\$ -	\$ (77,320)	\$ (77,320)
From renewal and replacement fund	(1,312,623)	-	(1,312,623)	(278,869)
To unexpended plant fund	1,978,031	142,837	2,120,868	1,325,945
To endowment fund	-	140,724	140,724	-
Total	\$ 588,088	\$ 283,561	\$ 871,649	\$ 969,756
Total Educational and General	\$ 65,831,193	\$ 11,071,437	\$ 76,902,630	\$ 70,489,451
AUXILIARY ENTERPRISES				
Expenditures:				
Personnel services	\$ 3,837,208	\$ 52,905	\$ 3,890,113	\$ 3,788,793
Current operating expenses	7,754,271	-	7,754,271	6,740,423
Capital outlay	81,671	-	81,671	144,957
Total	\$ 11,673,150	\$ 52,905	\$ 11,726,055	\$ 10,674,173
Mandatory transfers for principal and interest	\$ 594,782	\$ -	\$ 594,782	\$ 613,919
Non-mandatory transfers:				
To educational and general	\$ 77,320	\$ -	\$ 77,320	\$ 77,320
To unexpended plant fund	167,660	-	167,660	281,000
Total	\$ 244,980	\$ -	\$ 244,980	\$ 358,320
Total Auxiliary Enterprises	\$ 12,512,912	\$ 52,905	\$ 12,565,817	\$ 11,646,412
Total Expenditures and Transfers	\$ 78,344,105	\$ 11,124,342	\$ 89,468,447	\$ 82,135,863

OPERATIONS

Enrollment

The following schedule indicates the Fall Semester head count and full-time equivalent enrollment at the University for each of the last five (including 1996-97) academic years. The full-time enrollment calculation is made in accordance with the method used by the United States Department of Education.

Academic Year ⁽¹⁾	Undergraduate	Graduate	Total Head Count	Full-Time Equivalent*
1992-93	6,972	1,218	8,190	6,746
1993-94	6,923	1,197	8,120	6,738
1994-95	6,686	1,274	7,960	6,676
1995-96	6,777	1,389	8,166	6,754
1996-97	7,120	1,516	8,636	7,047

Source: Murray State University

* These figures are fall term figures for listed academic year.

Approximately 24% of the students enrolled in the University are non-residents of Kentucky and it is anticipated that the percentage of non-resident enrollments will remain at this level in future years. Using regional and national surveys of future college age population and historic enrollment data, and taking into consideration the policies of the Kentucky Council for Higher Education relating to the enrollment requirements, the University has projected 1995-96 through 1999-00 fall semesters full-time equivalent enrollment at the University as follows:

Academic Year	Estimated Fall Semester Student Enrollment (Head Count)
1996-97	8,600
1997-98	8,800
1998-99	8,900
1999-00	9,000
2000-01	9,000

The University's undergraduate admissions for the last five years are as follows:

	1992	1993	1994	1995	1996
Number of Applications	3,251	2,906	3,022	3,187	3,237
Number Approved for Enrollment	2,917	2,725	2,884	2,825	2,812
Number Enrolled	2,261	2,127	2,046	2,178	2,115
Enhanced ACT Scores	22	22	22	23	24

Source: Murray State University

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Student Fee Schedule

The Board of Regents, with approval of the Kentucky Council for Higher Education, has established a schedule of Student Registration Fees to be imposed, charged and collected for the services of the Project from all students attending the University. The schedule of fees effective with the fall term of 1996-97, together with the two prior years of fee schedules are as follows:

	1992-93	1993-94	1994-95	1995-96	1996-97
Registration Fee Per Semester					
<i>Full Time</i>					
Undergraduate					
Resident	\$ 800	\$ 890	\$ 930	\$ 980	\$ 1,060
Non-Resident	2,140	2,390	2,510	2,660	2,860
Graduate					
Resident	\$ 870	\$ 970	\$ 1,010	\$ 1,060	\$ 1,150
Non-Resident	2,350	2,630	2,750	2,900	3,150
Registration Fee Per Credit Hour					
<i>Summer Term/Part-Time</i>					
Undergraduate					
Resident	\$ 60	\$ 67	\$ 70	\$ 74	\$ 79
Non-Resident	173	193	203	215	230
Graduate					
Resident	\$ 89	\$ 99	\$ 103	\$ 108	\$ 116
Non-Resident	252	282	295	311	334

Source: Murray State University

Reciprocity Students

As of the fall term of 1990, the Commonwealth of Kentucky and the state of Tennessee began a reciprocity agreement that allows students from selected counties in both states to attend designated colleges at in-state tuition rates. The counties affected for Murray State University are the Tennessee counties of Henry, Ohion, Stewart and Weekly. For the fall term of 1996 there were 508 students in the Reciprocity Program.

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MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES
AND TRANSFERS BY MAJOR OBJECT
For the Year Ended June 30, 1996
With Comparative Figures as of June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATIONAL AND GENERAL-Expenditures:				
Instruction:				
Personnel services	\$ 24,428,647	\$ 1,398,356	\$ 25,827,003	\$ 24,363,260
Current operating expenses	2,309,161	681,850	2,991,011	2,839,989
Capital outlay	308,060	70,081	378,141	495,754
Total	\$ 27,045,868	\$ 2,150,287	\$ 29,196,155	\$ 27,699,003
Research:				
Personnel services	\$ 413,068	\$ 258,580	\$ 671,648	\$ 794,574
Current operating expenses	114,155	175,856	290,011	295,720
Capital outlay	125,231	96,767	221,998	92,799
Total	\$ 652,454	\$ 531,203	\$ 1,183,657	\$ 1,183,093
Public service:				
Personnel services	\$ 2,445,067	\$ 377,680	\$ 2,822,747	\$ 2,640,610
Current operating expenses	507,235	236,819	744,054	532,630
Capital outlay	117,731	73,708	191,439	291,460
Total	\$ 3,070,033	\$ 688,207	\$ 3,758,240	\$ 3,464,700
Libraries:				
Personnel services	\$ 1,177,807	\$ 38,515	\$ 1,216,322	\$ 1,180,370
Current operating expenses	999,463	19,407	1,018,870	939,123
Capital outlay	90,369	-	90,369	31,712
Total	\$ 2,267,639	\$ 57,922	\$ 2,325,561	\$ 2,151,205
Academic support:				
Personnel services	\$ 1,892,829	\$ 250,405	\$ 2,143,234	\$ 1,984,015
Current operating expenses	752,290	193,175	945,465	906,794
Capital outlay	333,393	847,282	1,180,675	564,458
Total	\$ 2,978,512	\$ 1,290,862	\$ 4,269,374	\$ 3,455,267
Student services:				
Personnel services	\$ 3,736,670	\$ 376,889	\$ 4,113,559	\$ 3,768,842
Current operating expenses	2,078,113	198,925	2,277,038	1,557,051
Capital outlay	152,406	2,109	154,515	103,549
Total	\$ 5,967,189	\$ 577,923	\$ 6,545,112	\$ 5,429,442
Institutional support:				
Personnel services	\$ 5,704,846	\$ 91,722	\$ 5,796,568	\$ 5,407,318
Current operating expenses	574,015	(30,709)	543,306	395,435
Capital outlay	317,723	7,579	325,302	200,039
Total	\$ 6,596,584	\$ 68,592	\$ 6,665,176	\$ 6,002,792
Operation and maintenance of plant:				
Personnel services	\$ 3,656,939	\$ -	\$ 3,656,939	\$ 3,606,552
Current operating expenses	4,256,150	24,261	4,280,411	3,424,469
Capital outlay	520,503	-	520,503	443,475
Total	\$ 8,433,592	\$ 24,261	\$ 8,457,853	\$ 7,474,496

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
AUXILIARY ENTERPRISES EXPENDITURES-				
Food service	\$ 3,896,030	\$ -	\$ 3,896,030	\$ 3,735,011
Housing	4,066,455	-	4,066,455	3,637,112
Bookstore	2,772,007	-	2,772,007	2,364,673
Curris center	607,645	-	607,645	569,547
University parking	135,573	-	135,573	144,059
Racer card administration	72,385	-	72,385	62,527
Vending and manual commissions	123,055	-	123,055	110,939
Auxiliary enterprises workstudy	-	52,905	52,905	50,305
 Total auxiliary enterprises expenditures	 \$ 11,673,150	 \$ 52,905	 \$ 11,726,055	 \$ 10,674,173
 Mandatory transfers:				
Principal and interest	\$ 594,782	\$ -	\$ 594,782	\$ 613,919
 Total mandatory transfers	 \$ 594,782	 \$ -	 \$ 594,782	 \$ 613,919
 Non-mandatory transfers:				
To educational and general	\$ 77,320	\$ -	\$ 77,320	\$ 77,320
To unexpended plant fund	167,660	-	167,660	281,000
 Total non-mandatory transfers	 \$ 244,980	 \$ -	 \$ 244,980	 \$ 358,320
 Total auxiliary enterprises expenditures and transfers	 \$ 12,512,912	 \$ 52,905	 \$ 12,565,817	 \$ 11,646,412
 Total current funds expenditures and transfers	 \$ 78,344,105	 \$ 11,124,342	 \$ 89,468,447	 \$ 82,135,863

APPENDIX B

**Murray State University
Housing and Dining System
Revenue Bonds, Series M**

Outstanding Bonds of the University

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996		1995	
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
Operation and maintenance of plant (cont.)				
Other operations and maintenance of plant:				
Operation and maintenance of plant				
accrued compensation expense	\$ (9,321)	\$ -	\$ (9,321)	\$ 8,067
Murray State University Foundation	-	24,261	24,261	-
Operation and maintenance of plant workstudy	-	-	-	663
Total other operation and maintenance of plant	\$ 5,271,595	\$ 24,261	\$ 5,295,856	\$ 4,487,378
Total operation and maintenance of plant	\$ 8,433,592	\$ 24,261	\$ 8,457,853	\$ 7,474,496
Student financial aid:				
Scholarships and fellowships	\$ 3,203,995	\$ 431,785	\$ 3,635,780	\$ 3,147,631
Athletic grants-in-aid	1,219,485	-	1,219,485	1,070,840
Murray State University Foundation	-	345,207	345,207	-
Pell, and SEOG grant awards	99,462	4,621,627	4,721,089	4,594,152
Total student financial aid	\$ 4,522,942	\$ 5,398,619	\$ 9,921,561	\$ 8,812,623
Total educational and general	\$ 61,534,813	\$ 10,787,876	\$ 72,322,689	\$ 65,672,621
Mandatory transfers:				
Principal and interest	\$ 3,706,658	\$ -	\$ 3,706,658	\$ 3,648,316
Perkins fund matching grant	1,634	-	1,634	1,157
Phone switch note payable	-	-	-	197,601
Total mandatory transfers	\$ 3,708,292	\$ -	\$ 3,708,292	\$ 3,847,074
Non-mandatory transfers:				
From auxiliaries	\$ (77,320)	\$ -	\$ (77,320)	\$ (77,320)
From renewal and replacement	(1,312,623)	-	(1,312,623)	(278,869)
To unexpended plant fund	1,978,031	142,837	2,120,868	1,325,945
To endowment	-	140,724	140,724	-
Total non-mandatory transfers	\$ 588,088	\$ 283,561	\$ 871,649	\$ 969,756
Total educational and general expenditures and transfers	\$ 65,831,193	\$ 11,071,437	\$ 76,902,630	\$ 70,489,451

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MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
Institutional support (cont.)				
Other institutional support:				
Other	\$ 3,085	\$ -	\$ 3,085	\$ -
MSU staff congress	5,041	-	5,041	6,778
MSU staff congress awards	11,828	-	11,828	8,687
Employee scholarship	69,338	-	69,338	71,428
Employee spouse and dependent waiver	111,304	-	111,304	-
Employee physicals	4,683	-	4,683	-
Friends of oakhurst	-	-	-	607
Love letters	-	-	-	2,327
Miscellaneous institutional support	190,171	-	190,171	163,342
President search	-	-	-	3,084
Director of university relations search	447	-	447	-
Institutional advance search	3,595	-	3,595	-
Institutional support allocation to auxiliary	(481,748)	-	(481,748)	(481,748)
Utilities and required maintenance	16,867	-	16,867	-
Cardinal office	432	-	432	-
Ups clearing	636	-	636	-
MCI - MSU online	546	-	546	-
Touch tone inquiry	7,922	-	7,922	168
Condata maintenance	13,328	-	13,328	-
University audits	52,676	-	52,676	51,989
Accrued compensation expense	6,294	-	6,294	18,437
Murray State University Foundation	-	7,439	7,439	-
Institutional support workstudy	-	53,574	53,574	50,077
Matching grants and contracts	-	7,579	7,579	-
Total other institutional support	\$ 16,445	\$ 68,592	\$ 85,037	\$ (104,824)
Total institutional support	\$ 6,596,584	\$ 68,592	\$ 6,665,176	\$ 6,002,792
Operation and maintenance of plant:				
Physical plant administration:				
Administration	\$ 379,407	\$ -	\$ 379,407	\$ 353,324
Engineering and architectural services	100,706	-	100,706	101,657
Seasonal labor	31,115	-	31,115	33,886
Total physical plant administration	\$ 511,228	\$ -	\$ 511,228	\$ 488,867
Building maintenance:				
Building and equipment maintenance	\$ 1,938,371	\$ -	\$ 1,938,371	\$ 1,798,779
Grounds maintenance	480,730	-	480,730	469,270
Property insurance	231,668	-	231,668	230,202
Total building maintenance	\$ 2,650,769	\$ -	\$ 2,650,769	\$ 2,498,251
Other operation and maintenance of plant:				
Custodial maintenance	\$ 1,123,547	\$ -	\$ 1,123,547	\$ 1,098,574
Environmental safety and health	152,278	-	152,278	148,706
Utilities	2,413,510	-	2,413,510	2,203,902
Warehouse inventory	17,569	-	17,569	17,311
Chemical hazardous waste disposal	28,377	-	28,377	35,232
Major repairs and renovation	1,545,635	-	1,545,635	974,923

OUTSTANDING BONDS OF THE UNIVERSITY

All Housing and Dining System Bonds and Consolidated Educational Buildings Revenue Bonds issued and outstanding, as of June 1, 1997, are presented below:

Housing and Dining System Revenue Bonds (1)	Year of Issue	Amount of Issue	Amount Outstanding	Year of Final Maturity
Series B	1965	\$ 605,000	\$ 30,000	1997
Series C	1965	635,000	115,000	2000
Series D	1965	760,000	135,000	2000
Series E	1965	387,000	80,000	2001
Series F	1965	1,290,000	315,000	2001
Series G	1965	400,000	80,000	2000
Series H	1965	1,845,000	560,000	2003
Series I	1965	2,250,000	692,000	2004
Series J	1965	510,000	160,000	2004
Series K	1965	3,280,000	1,170,000	2002
Series L	1968	2,000,000	1,370,000	2009
Total		\$13,962,000	\$4,707,000	

Source: Murray State University

(1) Annual debt service payable from Housing and Dining revenues.

Consolidated Educational Buildings Revenue Bonds (1)	Year of Issue	Amount of Issue	Amount Outstanding	Year of Final Maturity
Series E	1971	\$ 2,733,000	\$ 148,000	1998
Series G	1987	14,785,000	615,000	1998
Series H	1992	4,625,000	3,930,000	2012
Series F (Second Series)	1993	7,955,000	3,775,000	2000
Series G (Second Series)	1993	11,660,000	11,065,000	2007
Total		\$41,758,000	\$ 19,533,000	

Source: Murray State University

(1) Annual debt service payable from Student Registration Fees received from students and not pledged as security for the Housing and Dining System Bonds.

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MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
<i>Institutional support (cont.)</i>				
<i>Fiscal operations:</i>				
Office of the budget	\$ 60,897	\$ -	\$ 60,897	\$ 95,801
Accounting and financial services	844,871	-	844,871	748,734
Bad debt expense	83,307	-	83,307	52,354
Bank service charge	64,001	-	64,001	42,306
<i>Total fiscal operations</i>	<u>\$ 1,053,076</u>	<u>\$ -</u>	<u>\$ 1,053,076</u>	<u>\$ 939,195</u>
<i>General administration and logistical services:</i>				
Accountability	\$ 2,663	\$ -	\$ 2,663	\$ 2,599
Purchasing and general services	390,975	-	390,975	406,192
Sale of surplus property	7,644	-	7,644	1,479
Central stores revolving fund	42,975	-	42,975	38,049
Personnel services	236,697	-	236,697	208,330
Campus safety	581,702	-	581,702	556,955
Microcomputer repair	64,721	-	64,721	59,852
Motor pool	188,426	-	188,426	146,245
Postal services	163,690	-	163,690	154,958
Recycling program	22,064	-	22,064	-
Rental property	789	-	789	320
Workers compensation	228,141	-	228,141	209,237
Scottish heritage	-	-	-	547
Unemployment compensation	16,204	-	16,204	11,250
Flex spending	21,226	-	21,226	15,564
Public address system	6,264	-	6,264	3,979
Telecommunications support	335,561	-	335,561	383,669
Vehicle replacement	78,970	-	78,970	41,548
<i>Total general administration and logistical services</i>	<u>\$ 2,388,712</u>	<u>\$ -</u>	<u>\$ 2,388,712</u>	<u>\$ 2,240,773</u>
<i>Public relations and development:</i>				
Office of development & alumni affairs	\$ 441,220	\$ -	\$ 441,220	\$ 470,945
Marketing and public relations	118,609	-	118,609	117,635
News bureau	82,991	-	82,991	100,218
Photography	1,454	-	1,454	2,591
Radio/ television	38,480	-	38,480	36,893
Office of publications	114,535	-	114,535	157,243
University publications	51,590	-	51,590	24,681
University wide events	15,002	-	15,002	15,055
<i>Total public relations and development</i>	<u>\$ 863,881</u>	<u>\$ -</u>	<u>\$ 863,881</u>	<u>\$ 925,261</u>
<i>Administrative computing support:</i>				
Computing and information systems	\$ 876,089	\$ -	\$ 876,089	\$ 777,064
<i>Total administrative computing support</i>	<u>\$ 876,089</u>	<u>\$ -</u>	<u>\$ 876,089</u>	<u>\$ 777,064</u>

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MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
Student Services (cont.)				
<i>Student admissions and records:</i>				
Admissions and records	\$ 636,885	\$ -	\$ 636,885	\$ 602,426
Degree audit system	49,228	-	49,228	37,875
Commencement expense	32,611	-	32,611	43,471
Viewbook	97,652	-	97,652	-
Touch tone registration	77,937	-	77,937	15,142
<i>Total student admissions and records</i>	<u>\$ 894,313</u>	<u>\$ -</u>	<u>\$ 894,313</u>	<u>\$ 698,914</u>
<i>Other student services:</i>				
African-american program	\$ -	\$ -	\$ -	\$ 2,616
Co-curricular education	109,878	-	109,878	82,986
Crew team	8,050	-	8,050	-
Minority student services	56,160	-	56,160	59,360
Campus lights	3,715	-	3,715	2,473
Freedom fest concessions	1,945	-	1,945	2,208
First time experience	1,387	-	1,387	-
Forensic team	14,866	-	14,866	2,466
Indirect costs	20,136	-	20,136	16,393
National student exchange	4,030	-	4,030	50
Regional tournaments	20,922	-	20,922	21,649
Senior breakfast	2,822	-	2,822	3,282
Student ambassadors	809	-	809	1,490
Summer orientation	89,281	-	89,281	60,200
Wellness center	23,928	-	23,928	18,957
Women's center	1,357	-	1,357	1,133
Roads scholars	21,112	-	21,112	8,545
Student services accrued compensation expense	11,098	-	11,098	2,580
Student life improvement	-	-	-	14,025
Turkey students	750	-	750	-
Unallocated student affairs	-	-	-	15,766
Murray State University Foundation	-	324,724	324,724	-
Student services workstudy	-	51,402	51,402	56,162
Matching grants and contracts	3,983	201,797	205,780	177,814
<i>Total other student services</i>	<u>\$ 396,229</u>	<u>\$ 577,923</u>	<u>\$ 974,152</u>	<u>\$ 550,155</u>
<i>Total student services</i>	<u>\$ 5,967,189</u>	<u>\$ 577,923</u>	<u>\$ 6,545,112</u>	<u>\$ 5,429,442</u>
Institutional support:				
<i>Executive management:</i>				
Board of regents	\$ 7,282	\$ -	\$ 7,282	\$ 8,431
President's office	392,264	-	392,264	316,261
Vice president for academic affairs	358,469	-	358,469	338,388
Vice president for student development	197,566	-	197,566	181,588
Vice president for finance and administrative services	204,378	-	204,378	183,320
Inauguration	22,765	-	22,765	-
Institutional planning and research	34,706	-	34,706	51,254
Legal services	166,685	-	166,685	146,359
Legislative liaison	14,266	-	14,266	-
Overtime	-	-	-	(278)
<i>Total executive management</i>	<u>\$ 1,398,381</u>	<u>\$ -</u>	<u>\$ 1,398,381</u>	<u>\$ 1,225,323</u>

APPENDIX C

**Murray State University
Housing and Dining System
Revenue Bonds, Series M**

**Series M Bonds Debt Service Schedule and
Total Housing and Dining System Revenue
Bonds Debt Service**

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
Student Services (cont.)				
<i>Counseling and career guidance:</i>				
Counseling and testing center	\$ 251,477	\$ -	\$ 251,477	\$ 215,255
Cooperative education and placement	187,490	-	187,490	192,266
Catalogs and bulletins	134,680	-	134,680	76,744
<i>Total counseling and career guidance</i>	<u>\$ 573,647</u>	<u>\$ -</u>	<u>\$ 573,647</u>	<u>\$ 484,265</u>
<i>Student financial aid administration:</i>				
Student financial aid office	\$ 370,141	\$ -	\$ 370,141	\$ 359,941
<i>Total student financial aid administration</i>	<u>\$ 370,141</u>	<u>\$ -</u>	<u>\$ 370,141</u>	<u>\$ 359,941</u>
<i>Student health services:</i>				
Health services	\$ 293,301	\$ -	\$ 293,301	\$ 284,814
<i>Total student health services</i>	<u>\$ 293,301</u>	<u>\$ -</u>	<u>\$ 293,301</u>	<u>\$ 284,814</u>
<i>Intercollegiate athletics:</i>				
Athletic director	\$ 206,660	\$ -	\$ 206,660	\$ 176,297
Sports information director	63,268	-	63,268	43,036
Athletic trainer	153,640	-	153,640	129,090
Athletic concessions	45,931	-	45,931	35,806
Athletic marketing	12,486	-	12,486	7,236
Athletic photography	1,261	-	1,261	1,439
Athletic programs	6,697	-	6,697	10,397
Athletic ticket office	40,746	-	40,746	37,533
Basketball referee	10,956	-	10,956	-
Football	493,183	-	493,183	426,679
Football summer clinic	-	-	-	10
Football playoff	65,561	-	65,561	-
Harlem globetrotters	356	-	356	-
Men's basketball	343,813	-	343,813	320,722
NCAA tournament travel	-	-	-	63,123
OVC basketball tournament	21,057	-	21,057	12,765
OVC championship tourney	1,150	-	1,150	2,018
Regional tourney	5,651	-	5,651	7,797
NIT travel	11,749	-	11,749	-
Baseball	127,032	-	127,032	94,314
Men's and women's track	81,788	-	81,788	81,211
Men's tennis	45,057	-	45,057	37,984
Men's golf	28,394	-	28,394	26,335
Racer basketball camp III	21,135	-	21,135	30,503
Athletic compliance	73,483	-	73,483	71,265
Women's basketball	146,691	-	146,691	124,176
Women's golf	47,359	-	47,359	26,778
Women's tennis	44,834	-	44,834	37,152
Women's volleyball	62,613	-	62,613	52,332
Rifle team	20,339	-	20,339	12,388
Cheerleaders	14,422	-	14,422	17,530
<i>Total intercollegiate athletics</i>	<u>\$ 2,197,312</u>	<u>\$ -</u>	<u>\$ 2,197,312</u>	<u>\$ 1,885,916</u>

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**HOUSING AND DINING SYSTEM
REVENUE BONDS, SERIES M**

ESTIMATED DEBT SERVICE REQUIREMENTS

**MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995**

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
Academic support (cont.)				
<i>Academic administration:</i>				
Dean - business and public affairs	\$ 317,267	\$ -	\$ 317,267	\$ 310,792
Dean - fine arts and communication	258,453	-	258,453	304,492
Dean - science	473,598	-	473,598	500,764
Dean - education	440,000	-	440,000	447,565
Dean - humanistic studies	215,825	-	215,825	183,422
Dean - industry and technology	224,850	-	224,850	265,359
Office of grants development - sponsored programs	113,392	-	113,392	106,767
<i>Total academic administration</i>	\$ 2,043,385	\$ -	\$ 2,043,385	\$ 2,119,161
<i>Academic personnel development:</i>				
Faculty recruitment and travel	\$ 84,496	\$ -	\$ 84,496	\$ 101,378
Minority faculty recruitment	83,012	-	83,012	78,595
<i>Total academic personnel development</i>	\$ 167,508	\$ -	\$ 167,508	\$ 179,973
<i>Course and curriculum development:</i>				
Accreditations	\$ 6,636	\$ -	\$ 6,636	\$ 9,627
SACS re-accreditation	-	-	-	(178)
NCATE re-accreditation	18,075	-	18,075	-
Unit plan and program development	34,305	-	34,305	25,382
<i>Total course and curriculum development</i>	\$ 59,016	\$ -	\$ 59,016	\$ 34,831
<i>Other academic support:</i>				
Special programs	\$ 10,511	\$ -	\$ 10,511	\$ 9,674
Archeology lab	2,290	-	2,290	5,696
Boots Randolph	1,500	-	1,500	-
Education technology	21,023	-	21,023	-
Student advising center	-	-	-	21
Academic support accrued compensation expense	7,697	-	7,697	4,272
Murray State University Foundation	-	34,506	34,506	-
Academic support workstudy	-	25,502	25,502	30,838
Matching grants and contracts	19,335	1,230,854	1,250,189	437,009
<i>Total other academic support</i>	\$ 62,356	\$ 1,290,862	\$ 1,353,218	\$ 487,510
<i>Total academic support</i>	\$ 2,978,512	\$ 1,290,862	\$ 4,269,374	\$ 3,455,267
Student services:				
<i>Student service administration:</i>				
School relations	\$ 494,041	\$ -	\$ 494,041	\$ 486,918
Recruitment and retention	49,086	-	49,086	55,168
African-American recruitment	81,249	-	81,249	47,219
Student government association	218,364	-	218,364	187,294
Curris center administration	173,473	-	173,473	160,190
Office of university school	73,526	-	73,526	70,481
<i>Total student services administration</i>	\$ 1,089,739	\$ -	\$ 1,089,739	\$ 1,007,270
<i>Social and cultural development:</i>				
The Shield	\$ 53,228	\$ -	\$ 53,228	\$ 48,258
Murray State University News	99,279	-	99,279	109,909
<i>Total social and cultural development</i>	\$ 152,507	\$ -	\$ 152,507	\$ 158,167

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
3/1/98		\$30,988.13	\$30,988.13	\$30,988.13
9/1/98	\$20,000	20,658.75	40,658.75	
3/1/99		20,238.75	20,238.75	60,897.50
9/1/99	25,000	20,238.75	45,238.75	
3/1/00		19,657.50	19,657.50	64,896.25
9/1/00	25,000	19,657.50	44,657.50	
3/1/01		19,051.25	19,051.25	63,708.75
9/1/01	25,000	19,051.25	44,051.25	
3/1/02		18,432.50	18,432.50	62,483.75
9/1/02	25,000	18,432.50	43,432.50	
3/1/03		17,801.25	17,801.25	61,233.75
9/1/03	30,000	17,801.25	47,801.25	
3/1/04		17,028.75	17,028.75	64,830.00
9/1/04	30,000	17,028.75	47,028.75	
3/1/05		16,241.25	16,241.25	63,270.00
9/1/05	30,000	16,241.25	46,241.25	
3/1/06		15,446.25	15,446.25	61,687.50
9/1/06	30,000	15,446.25	45,446.25	
3/1/07		14,643.75	14,643.75	60,090.00
9/1/07	35,000	14,643.75	49,643.75	
3/1/08		13,698.75	13,698.75	63,342.50
9/1/08	35,000	13,698.75	48,698.75	
3/1/09		12,745.00	12,745.00	61,443.75
9/1/09	40,000	12,745.00	52,745.00	
3/1/10		11,635.00	11,635.00	64,380.00
9/1/10	40,000	11,635.00	51,635.00	
3/1/11		10,505.00	10,505.00	62,140.00
9/1/11	45,000	10,505.00	55,505.00	
3/1/12		9,222.50	9,222.50	64,727.50
9/1/12	45,000	9,222.50	54,222.50	
3/1/13		7,928.75	7,928.75	62,151.25
9/1/13	50,000	7,928.75	57,928.75	
3/1/14		6,478.75	6,478.75	64,407.50
9/1/14	50,000	6,478.75	56,478.75	
3/1/15		5,016.25	5,016.25	61,495.00
9/1/15	55,000	5,016.25	60,016.25	
3/1/16		3,407.50	3,407.50	63,423.75
9/1/16	55,000	3,407.50	58,407.50	
3/1/17		1,785.00	1,785.00	60,192.50
9/1/17	60,000	1,785.00	61,785.00	61,785.00
Total	\$750,000	\$533,574.38	\$1,283,574.38	\$1,283,574.38

Source: Fiscal Agent

**ESTIMATED HOUSING AND DINING SYSTEM
REVENUE BONDS DEBT SERVICE**

Housing & Dining System Series M Bonds

Fiscal Year June 30	Existing Debt Service	Principal	Interest (1)	Total	Total
1998	\$667,794.39	--	\$30,988.13	\$30,988.13	\$698,782.52
1999	670,275.63	\$20,000	40,897.50	60,897.50	731,173.13
2000	667,156.88	25,000	39,896.25	64,896.25	732,053.13
2001	668,460.00	25,000	38,708.75	63,708.75	732,168.75
2002	664,328.74	25,000	37,483.75	62,483.75	726,812.49
2003	645,238.12	25,000	36,233.75	61,233.75	706,471.87
2004	360,431.87	30,000	34,830.00	64,830.00	425,261.87
2005	287,845.62	30,000	33,270.00	63,270.00	351,115.62
2006	188,050.00	30,000	31,687.50	61,687.50	249,737.50
2007	188,875.00	30,000	30,090.00	60,090.00	248,965.00
2008	193,475.00	35,000	28,342.50	63,342.50	256,817.50
2009	192,850.00	35,000	26,443.75	61,443.75	254,293.75
2010	--	40,000	24,380.00	64,380.00	64,380.00
2011	--	40,000	22,140.00	62,140.00	62,140.00
2012	--	45,000	19,727.50	64,727.50	64,727.50
2013	--	45,000	17,151.25	62,151.25	62,151.25
2014	--	50,000	14,407.50	64,407.50	64,407.50
2015	--	50,000	11,495.00	61,495.00	61,495.00
2016	--	55,000	8,423.75	63,423.75	63,423.75
2017	--	55,000	5,192.50	60,192.50	60,192.50
2018	--	60,000	3,570.00	63,570.00	63,570.00
Total	\$5,394,781.25	\$750,000	\$535,359.38	\$1,285,359.38	\$6,680,140.63

Source: Murray State University and Fiscal Agent

**MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995**

	1996			
	Unrestricted	Restricted	Total	1995
EDUCATION AND GENERAL (cont.)				
Public Service (cont.)				
<i>Other public service:</i>				
Baseball clinic	\$ 4,063	\$ -	\$ 4,063	\$ 8,892
Biological station facilities	4,357	-	4,357	281
Boar test unit	162	-	162	3,990
Community service workstudy	2,300	-	2,300	3,609
Hazardous materials worker training project	158,660	-	158,660	157,198
Public service accrued compensation expense	(172)	-	(172)	10,040
Murray State University Foundation	-	186,489	186,489	-
Public service workstudy	-	15,875	15,875	17,492
Matching grants and contracts	76,348	485,843	562,191	387,994
<i>Total other public service</i>	<i>\$ 245,718</i>	<i>\$ 688,207</i>	<i>\$ 933,925</i>	<i>\$ 589,496</i>
<i>Total public service</i>	<i>\$ 3,070,033</i>	<i>\$ 688,207</i>	<i>\$ 3,758,240</i>	<i>\$ 3,464,700</i>
Libraries:				
Library	\$ 2,206,867	\$ -	\$ 2,206,867	\$ 2,077,765
Census microfilm program	910	-	910	1,444
Library copy service	63,381	-	63,381	31,157
Interlibrary loan	733	-	733	699
Library accrued compensation expense	(4,252)	-	(4,252)	947
Murray State University Foundation	-	19,407	19,407	-
Library workstudy	-	38,515	38,515	39,181
Matching grants and contracts	-	-	-	12
<i>Total libraries</i>	<i>\$ 2,267,639</i>	<i>\$ 57,922</i>	<i>\$ 2,325,561</i>	<i>\$ 2,151,205</i>
Academic support:				
<i>Museums, galleries, and theatre:</i>				
Clara Eagle art gallery	\$ 11,221	\$ -	\$ 11,221	\$ 8,736
Recording studio	1,446	-	1,446	145
Summer arts academy	-	-	-	51
University theatre	24,301	-	24,301	37,672
Wrather West Kentucky museum	47,191	-	47,191	51,172
Wickliffe mounds	49,693	-	49,693	41,609
Wickliffe mounds gift shop	3,114	-	3,114	4,114
Wickliffe mounds welcome center	20,918	-	20,918	18,532
<i>Total museums, galleries, and theatre</i>	<i>\$ 157,884</i>	<i>\$ -</i>	<i>\$ 157,884</i>	<i>\$ 162,031</i>
<i>Educational media services:</i>				
Faculty resource center	\$ 184,163	\$ -	\$ 184,163	\$ 166,642
<i>Total educational media services</i>	<i>\$ 184,163</i>	<i>\$ -</i>	<i>\$ 184,163</i>	<i>\$ 166,642</i>
<i>Ancillary support:</i>				
Academic council	\$ 1,675	\$ -	\$ 1,675	\$ 696
Farms	214,110	-	214,110	227,139
Horticulture	6,797	-	6,797	6,757
Horses	71,013	-	71,013	60,963
Faculty senate	10,605	-	10,605	9,564
<i>Total ancillary support</i>	<i>\$ 304,200</i>	<i>\$ -</i>	<i>\$ 304,200</i>	<i>\$ 305,119</i>

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
Instruction (cont.)				
Preparatory/remedial instruction:				
Learning center	\$ 241,681	\$ -	\$ 241,681	\$ 214,482
<i>Total preparatory/remedial instruction</i>	\$ 241,681	\$ -	\$ 241,681	\$ 214,482
<i>Total instruction</i>	\$ 27,045,868	\$ 2,150,287	\$ 29,196,155	\$ 27,699,003
Research:				
Institutional sponsored research	\$ 19,557	\$ -	\$ 19,557	\$ 21,178
Center of excellence and ecosystems studies	406,621	-	406,621	386,418
Mid-America remote sensing center	144,965	-	144,965	163,428
Stocker calves project	8,151	-	8,151	13,127
Research accrued compensation expense	(398)	-	(398)	949
Murray State University Foundation	-	7,513	7,513	-
Research workstudy	-	2,604	2,604	2,510
Matching grants and contracts	73,558	521,086	594,644	595,483
<i>Total research</i>	\$ 652,454	\$ 531,203	\$ 1,183,657	\$ 1,183,093
Public service:				
Community service:				
School services office	\$ 4,503	\$ -	\$ 4,503	\$ 5,651
Archeology service center	16,606	-	16,606	44,437
Conferences and workshops	91,977	-	91,977	23,365
Celebrate women	3,602	-	3,602	1,844
Breathitt Veterinary Center:				
Administrative services	705,107	-	705,107	630,741
Clinical pathology	113,599	-	113,599	110,521
DNA diagnostics	68,871	-	68,871	92,820
Diagnostic and research capital	3,012	-	3,012	4,046
Histology	102,246	-	102,246	91,822
Seaboard farms	20,525	-	20,525	42,656
Serology	144,247	-	144,247	139,490
Swine health day	2,770	-	2,770	-
Virology	187,031	-	187,031	182,935
Microbiology	239,928	-	239,928	261,268
Pathology	419,887	-	419,887	465,387
Therapy and field services	67,147	-	67,147	32,329
Toxicology	152,577	-	152,577	263,426
Graphic arts video	8,486	-	8,486	3,042
National Boy Scout Museum	83,309	-	83,309	85,817
Waterfield center	2,016	-	2,016	2,851
Livestock and exposition center	152,340	-	152,340	177,459
MSU X-ray lab	6,416	-	6,416	5,835
Clinical services	39,046	-	39,046	24,418
<i>Total community service</i>	\$ 2,635,248	\$ -	\$ 2,635,248	\$ 2,692,160
Public broadcasting services:				
WKMS - radio station	\$ 189,067	\$ -	\$ 189,067	\$ 183,044
<i>Total public broadcasting services</i>	\$ 189,067	\$ -	\$ 189,067	\$ 183,044

APPENDIX D

**Murray State University
Housing and Dining System
Revenue Bonds, Series M**

Report of Independent Public Accountants

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
<i>Instruction (cont.)</i>				
<i>Other instruction:</i>				
Bowling course fees	\$ 3,850	\$ -	\$ 3,850	\$ 4,953
Communication across the curriculum	5,823	-	5,823	2,474
Computer for instruction and research	250,000	-	250,000	250,000
Consultants	5,651	-	5,651	9,198
Area health education system	56,605	-	56,605	54,754
Bachelor of independent study degree	121,545	-	121,545	128,964
Belize tropical escape	3,174	-	3,174	(300)
Center for economic education	3,298	-	3,298	2,065
Center for international programs	184,443	-	184,443	173,691
Sports camps	32,099	-	32,099	71,153
Summer chess camp	15,644	-	15,644	18,255
Correspondence study	198	-	198	42
Extended campus programs	481,318	-	481,318	481,243
Festival of champions	35,699	-	35,699	20,922
Fine arts building fire damage	2,012	-	2,012	144,033
Golf course green fees	2,097	-	2,097	2,575
Hazardous waste	1,743	-	1,743	2,125
Honors program	38,776	-	38,776	40,740
Indirect costs - VPAA	11,012	-	11,012	11,843
Instructional support	26,666	-	26,666	36,316
Kentucky academic decathlon	1,287	-	1,287	2,931
KTLN grant match	27,384	-	27,384	-
Presidential scholar	3,388	-	3,388	3,832
Quad state fesitvals	26,108	-	26,108	20,056
Russian experience	-	-	-	390
Special ed multi-media and assistive technology center	16,781	-	16,781	17,932
Summer challenge	795	-	795	-
Summer leaves and salaries	725,237	-	725,237	698,641
Super Saturdays	6,631	-	6,631	7,555
Trumpet workshop	10,501	-	10,501	2,870
Unallotted academic programs	79,918	-	79,918	54,181
West Kentucky dance festival	-	-	-	375
Young authors camp	5,002	-	5,002	4,388
Accrued vacation	(5,371)	-	(5,371)	-
Instruction accrued compensation expense	11,922	-	11,922	33,330
Murray State University Foundation	-	148,634	148,634	-
Instruction workstudy	-	178,455	178,455	178,133
Matching grants and contracts	-	1,823,198	1,823,198	1,957,091
<i>Total other instruction</i>	<i>\$ 2,191,236</i>	<i>\$ 2,150,287</i>	<i>\$ 4,341,523</i>	<i>\$ 4,436,751</i>
<i>Community education:</i>				
Center for continuing education	\$ 252,843	\$ -	\$ 252,843	\$ 265,806
Community education	38,435	-	38,435	78,981
The Paducah center	106,706	-	106,706	118,058
<i>Total community education</i>	<i>\$ 397,984</i>	<i>\$ -</i>	<i>\$ 397,984</i>	<i>\$ 462,845</i>

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MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATION AND GENERAL (cont.)				
Instruction (cont.)				
<i>College of Education (cont.)</i>				
Educational leadership and counseling	\$ 444,781	\$ -	\$ 444,781	\$ 414,333
American humanities	78,810	-	78,810	73,598
Health, physical education and recreation	660,262	-	660,262	627,807
Special education	493,796	-	493,796	469,258
Speech and hearing workshops	-	-	-	(79)
Office of field services	201,165	-	201,165	186,276
Other instruction	58,679	-	58,679	30,524
<i>Total College of Education</i>	<i>\$ 3,196,610</i>	<i>\$ -</i>	<i>\$ 3,196,610</i>	<i>\$ 2,949,077</i>
<i>College of Humanistic Studies:</i>				
English	\$ 1,527,863	\$ -	\$ 1,527,863	\$ 1,489,465
English computer lab	86,639	-	86,639	51,840
ELI program	554,512	-	554,512	427,429
Foreign languages	522,921	-	522,921	454,866
Foreign language lab	2,286	-	2,286	2,716
History	731,361	-	731,361	680,344
Philosophy and religious studies	178,147	-	178,147	173,248
Psychology	590,122	-	590,122	547,706
Regensburg exchange	67,103	-	67,103	75,153
Sociology and anthropology	549,044	-	549,044	537,574
Stuart writing conference	7,612	-	7,612	6,320
Kentucky institute for international studies	596,651	-	596,651	592,719
Humanistic studies copy account	(1,415)	-	(1,415)	(1,460)
Yucatan program	(20)	-	(20)	6,760
Other instruction	61,925	-	61,925	71,918
Notations	1,049	-	1,049	107
<i>Total College of Humanistic Studies</i>	<i>\$ 5,475,800</i>	<i>\$ -</i>	<i>\$ 5,475,800</i>	<i>\$ 5,116,705</i>
<i>College of Industry and Technology:</i>				
Graphic arts technology	\$ 235,370	\$ -	\$ 235,370	\$ 224,984
The technology center	17,351	-	17,351	17,068
Industrial education and technology	1,174,526	-	1,174,526	1,036,225
Safety engineering and health	557,215	-	557,215	521,050
Safety engineering and health workshops	210	-	210	1,634
Military science	31,361	-	31,361	40,517
Agriculture	719,777	-	719,777	715,917
Animal health technology	208,794	-	208,794	142,057
Rodeo	27,869	-	27,869	29,860
Home economics	385,927	-	385,927	370,511
Home economics travel study tours	-	-	-	173
Child development	10,396	-	10,396	15,897
CIT Services	4,207	-	4,207	-
Indirect costs	-	-	-	956
Other instruction	300	-	300	4,100
<i>Total College of Industry and Technology</i>	<i>\$ 3,373,303</i>	<i>\$ -</i>	<i>\$ 3,373,303</i>	<i>\$ 3,120,949</i>

MURRAY STATE UNIVERSITY

**Financial Statements
and Supplemental Schedules
for the Year Ended June 30, 1996
and
Independent Auditors' Report**

MURRAY STATE UNIVERSITY
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MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS EXPENDITURES AND TRANSFERS
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATIONAL AND GENERAL EXPENDITURES -				
Instruction:				
<i>College of Business and Public Affairs:</i>				
Accounting and finance	\$ 741,343	\$ -	\$ 741,343	\$ 737,582
Computer studies	656,261	-	656,261	694,918
Economics and finance	800,724	-	800,724	687,517
Management and marketing	890,950	-	890,950	853,321
Office systems and business education	431,041	-	431,041	381,516
Political science and legal studies	653,390	-	653,390	642,348
MBA program	7,195	-	7,195	5,969
National model project	33	-	33	-
Owensboro MBA	9,377	-	9,377	9,261
Fall business education conference	1,118	-	1,118	1,025
Summer computer science workshop	686	-	686	636
Other instruction	17,254	-	17,254	81
<i>Total College of Business and Public Affairs</i>	<i>\$ 4,209,372</i>	<i>\$ -</i>	<i>\$ 4,209,372</i>	<i>\$ 4,014,174</i>
<i>College of Fine Arts and Communication:</i>				
Art	\$ 923,722	\$ -	\$ 923,722	\$ 885,768
Art cash sales	22,642	-	22,642	19,178
Art workshops	15,715	-	15,715	6,939
Journalism, radio and television	652,273	-	652,273	625,461
High school journalism and broadcasting workshop	1,293	-	1,293	1,239
Music	1,117,373	-	1,117,373	981,368
Keyboard recruiting	239	-	239	451
Speech, communication and theatre	699,112	-	699,112	594,581
String prep program	6,012	-	6,012	4,126
Television studios	37,327	-	37,327	35,879
Other instruction	1,300	-	1,300	825
Indirect costs	-	-	-	26
<i>Total College of Fine Arts and Communication</i>	<i>\$ 3,477,008</i>	<i>\$ -</i>	<i>\$ 3,477,008</i>	<i>\$ 3,155,841</i>
<i>College of Science:</i>				
Nursing	\$ 767,471	\$ -	\$ 767,471	\$ 704,037
Nursing - continuing education	2,782	-	2,782	2,409
Biological sciences	924,988	-	924,988	921,773
Biological station	9,598	-	9,598	7,652
Chemistry	777,754	-	777,754	720,077
Geosciences	408,581	-	408,581	356,662
Mathematics	1,049,762	-	1,049,762	977,203
Physics and astronomy	541,938	-	541,938	538,366
<i>Total College of Science</i>	<i>\$ 4,482,874</i>	<i>\$ -</i>	<i>\$ 4,482,874</i>	<i>\$ 4,228,179</i>
<i>College of Education:</i>				
Elementary and secondary education	\$ 1,237,775	\$ -	\$ 1,237,775	\$ 1,132,582
Environmental education center	5,798	-	5,798	4,670
Environmental education preservice	3,584	-	3,584	3,837
West Kentucky environmental education consortium	11,960	-	11,960	6,271

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS REVENUES (cont.)
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
AUXILIARY ENTERPRISES REVENUES				
Food services	\$ 4,019,944	\$ -	\$ 4,019,944	\$ 3,850,672
Housing services	4,357,496	-	4,357,496	4,152,675
Bookstore	3,107,393	-	3,107,393	2,614,699
Curris center	180,766	-	180,766	181,051
Parking				
Fines	157,910	-	157,910	115,938
Permits	82,860	-	82,860	80,874
Other	10,827	-	10,827	18,164
Racer card administration	53,997	-	53,997	53,212
Vending & manual commissions	135,690	-	135,690	110,306
College workstudy student wages	-	52,905	52,905	50,305
Total Auxiliary Enterprises	\$ 12,106,883	\$ 52,905	\$ 12,159,788	\$ 11,227,896
Total Current Revenues	\$ 78,204,608	\$ 10,840,781	\$ 89,045,389	\$ 83,004,249



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INDEPENDENT AUDITORS' REPORT

To the Board of Regents
of Murray State University

We have audited the accompanying balance sheet of Murray State University (the "University") as of June 30, 1996, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the management of the University. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Murray State University as of June 30, 1996, and the changes in its fund balances and its current funds revenues, expenditures, and other changes for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the University changed its accounting for assets managed by, and contributions to, Murray State University Foundation on behalf of the University.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the University's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

September 13, 1996

**Deloitte Touche
Tohmatsu
International**

MURRAY STATE UNIVERSITY
BALANCE SHEET
As of June 30, 1996
With Comparative Figures as of June 30, 1995

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Agency Funds	Totals	
	Unrestricted	Restricted					1996	1995
ASSETS								
Cash	\$ 490,849	\$ 1,017,413	\$ 459,231	\$ 15,679	\$ 5,208,632	\$ 149,621	\$ 7,341,425	\$ 9,716,490
Investments	11,363,542	160,000	-	540,000	6,857,118	-	18,920,660	19,552,407
Accounts and loans receivable, net	1,041,001	1,762,112	4,153,462	184	-	-	6,956,759	6,433,258
Interest receivable	189,780	1,501	-	-	75,285	-	266,566	247,463
Inventories	1,263,198	-	-	144	-	-	1,263,342	1,214,216
Prepaid expenses	146,605	23,582	-	-	-	-	170,187	154,892
Discount on bonds payable	-	-	-	-	451,998	-	451,998	386,815
Due from other funds	2,132,454	-	-	-	1,028,352	-	3,161,806	679,386
Assets held by MSU Foundation	-	-	-	9,209,270	-	-	11,056,780	1,319,250
Property, plant and equipment	-	1,847,510	-	-	-	-	155,550,752	147,404,190
Total assets	\$ 16,627,429	\$ 4,812,118	\$ 4,612,693	\$ 9,765,277	\$ 169,173,137	\$ 149,621	\$ 205,140,275	\$ 187,108,367
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 1,322,927	\$ 41,478	\$ -	\$ -	\$ 150,824	\$ -	\$ 1,515,229	\$ 1,387,573
Payroll related accruals	2,900,519	-	-	-	-	-	2,900,519	3,235,563
Accrued expenses and other liabilities	552,260	28,800	19,565	-	-	-	600,625	1,172,720
Interest payable	-	-	-	-	317,494	-	317,494	318,715
Deposits	260,596	-	-	-	-	149,621	410,217	349,704
Deferred revenues	835,078	-	-	-	-	-	835,078	554,912
Due to other funds	858,209	2,284,124	-	-	19,473	-	3,161,806	679,386
Bonds payable	-	-	-	-	31,742,144	-	31,742,144	33,169,362
Obligations under capital leases	-	-	-	-	134,242	-	134,242	116,127
Total liabilities	\$ 6,729,589	\$ 2,354,402	\$ 19,565	\$ -	\$ 32,364,177	\$ 149,621	\$ 41,617,354	\$ 40,984,062
Fund balance:								
Current unrestricted funds:								
Allocated for:								
Working capital	\$ 1,323,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,323,401	\$ 1,827,504
Prior year carryovers:								
Renovation and maintenance	2,319,402	-	-	-	-	-	2,319,402	1,874,126
Other	3,090,130	-	-	-	-	-	3,090,130	3,513,202

See notes to financial statements.

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS REVENUES (cont.)
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

EDUCATIONAL AND GENERAL
REVENUES (cont.)

Other sources (cont.)

	1996		Total	1995
	Unrestricted	Restricted		
Library - other income	\$ 12,058	\$ -	\$ 12,058	\$ 8,571
Livestock and exposition center	85,515	-	85,515	79,764
Magic silver show	5,027	-	5,027	200
Meal management luncheons	779	-	779	548
Music recital income	484	-	484	654
National student exchange	700	-	700	1,200
Nursing continuing ed	385	-	385	1,259
Operating fund interest income	209,196	-	209,196	149,965
Other income	161,121	-	161,121	17,549
Perkins loan recovery	5,575	-	5,575	6,889
Post office box rent	6,599	-	6,599	5,883
Post office contract	8,000	-	8,000	8,000
Printing	33,468	-	33,468	23,892
Psychology copy account	527	-	527	516
Quad state	22,330	-	22,330	18,032
Recycling program	12,842	-	12,842	9,786
Regensburg exchange	58,820	-	58,820	71,837
Regional tournaments				
Boys'	10,245	-	10,245	10,457
Girls'	6,409	-	6,409	7,869
Rentals	7,302	-	7,302	2,817
Rodeo income	2,659	-	2,659	6,025
ROTC equipment	1,263	-	1,263	(9)
Sale of surplus property	47,631	-	47,631	29,293
Senior breakfast	1,044	-	1,044	898
String prep program	6,057	-	6,057	4,465
Stocker calves project	24,278	-	24,278	-
Student government association	62,466	-	62,466	70,712
Summer challenge	2,725	-	2,725	-
Summer chess camp	-	-	-	25,320
Summer computer science workshop	991	-	991	1,100
Summer orientation	93,309	-	93,309	59,079
Super Saturdays	14,245	-	14,245	12,157
Technology center	46,040	-	46,040	13,393
Telecommunications commissions	246,557	-	246,557	294,790
Wellness center	-	-	-	68
West Kentucky environmental education consortium	11,043	-	11,043	9,308
Wickliffe mounds gift shop	6,501	-	6,501	6,039
Wickliffe mounds research center	25,192	-	25,192	18,226
Young authors camp	6,480	-	6,480	3,659
Total other sources	\$ 3,427,811	\$ -	\$ 3,427,811	\$ 3,005,979
Total Educational and General	\$ 66,097,725	\$ 10,787,876	\$ 76,885,601	\$ 71,776,353

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS REVENUES (cont.)
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATIONAL AND GENERAL REVENUES (cont.)				
Sales and services-educational departments (cont.)				
Psychology center	\$ -	\$ -	\$ -	\$ 15
Recording studio	1,267	-	1,267	555
Safety engineering and health workshop	60	-	60	1,064
School service office	190	-	190	-
Shield	38,806	-	38,806	34,213
Summer writing workshop	830	-	830	1,005
TV studio	576	-	576	1,609
University theatre	15,779	-	15,779	15,517
Waterfield business and government center	1,232	-	1,232	840
Yucatan program	-	-	-	6,831
Total sales and services	\$ 1,873,744	\$ -	\$ 1,873,744	\$ 1,882,423
Other sources:				
Athletics	\$ 369,647	\$ -	\$ 369,647	\$ 267,581
Athletics - concessions	70,879	-	70,879	58,252
Athletics - guarantees	82,200	-	82,200	65,050
Athletics - NCAA revenue	183,436	-	183,436	202,979
Athletics - OVC basketball tournament	6,000	-	6,000	11,406
Athletics - marketing	29,245	-	29,245	26,466
Athletics - football playoff	51,072	-	51,072	-
Athletics - programs	15,668	-	15,668	16,612
Athletics - regional tournament concessions	21,724	-	21,724	23,751
Bad debt expense recovery	5,360	-	5,360	6,491
Boar test unit	-	-	-	8,165
Boots Randolph	7,725	-	7,725	-
Camps				
Baseball clinic	5,005	-	5,005	5,185
Mens' basketball	29,658	-	29,658	33,436
Ladies' basketball	3,450	-	3,450	2,925
Golf	6,000	-	6,000	14,500
Tennis	17,665	-	17,665	43,150
Campus lights	6,196	-	6,196	3,391
Central stores	29,889	-	29,889	52,320
Chemistry breakage fees	4,794	-	4,794	4,368
Community education	5,146	-	5,146	47,293
Conferences and workshops	117,222	-	117,222	25,153
Consolidated educational revenue fund interest	817,952	-	817,952	785,365
Contract residuals	8,386	-	8,386	41,575
Cooperative education/placement income	6,749	-	6,749	6,556
Counseling and testing	10,700	-	10,700	10,608
Environmental Consortium of Mid-America	4,250	-	4,250	-
Faculty resource center	4,247	-	4,247	4,383
Festival of champions	32,264	-	32,264	22,131
Forensics team	1,923	-	1,923	-
Friends of Oakhurst	112	-	112	452
Graphic arts technology	8,622	-	8,622	8,190
Hazardous waste and material training	133,118	-	133,118	141,053
International student orientation	2,940	-	2,940	3,150
Intramurals income	6,082	-	6,082	4,899
Kentucky honors roundtable	1,450	-	1,450	1,925
Library - census microfilm	657	-	657	1,592
Library - copy service	53,665	-	53,665	53,066
Library - fines	19,852	-	19,852	21,562
Library - interlibrary loan	998	-	998	787

MURRAY STATE UNIVERSITY
BALANCE SHEET (cont.)
As of June 30, 1996
With Comparative Figures as of June 30, 1995

	Current Funds		Loan Funds	Endowment Funds	Plant Funds	Agency Funds	Totals	
	Unrestricted	Restricted					1996	1995
LIABILITIES AND FUND BALANCE (cont.)								
Fund balance (cont.):								
Current unrestricted funds (cont.):								
Encumbrances	\$ 413,099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,099	\$ 925,382
Reserve for general contingency	1,851,808	-	-	-	-	-	1,851,808	997,123
Reserve for self insurance	900,000	-	-	-	-	-	900,000	900,000
Current restricted funds	-	2,457,716	-	-	-	-	2,457,716	1,422,647
Loan funds - restricted	-	-	4,593,128	-	-	-	4,593,128	4,557,138
Endowment funds - restricted	-	-	-	9,765,277	-	-	9,765,277	1,645,183
Plant funds:								
Unexpended	-	-	-	-	3,034,435	-	3,034,435	3,072,343
Renewal and replacements	-	-	-	-	2,501,204	-	2,501,204	3,707,871
Retirement of indebtedness	-	-	-	-	4,235,912	-	4,235,912	4,227,959
Net investment in plant	-	-	-	-	127,037,409	-	127,037,409	117,453,827
Total fund balance	\$ 9,897,840	\$ 2,457,716	\$ 4,593,128	\$ 9,765,277	\$ 136,808,960	\$ -	\$ 163,522,921	\$ 146,124,305
Total liabilities and fund balance	\$ 16,627,429	\$ 4,812,118	\$ 4,612,693	\$ 9,765,277	\$ 169,173,137	\$ 149,621	\$ 205,140,275	\$ 187,108,367

MURRAY STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended June 30, 1996

	Current Funds			Loan Funds	Endowment Funds	Plant Funds			
	Unrestricted	Restricted				Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant
REVENUES AND OTHER ADDITIONS:									
Current funds revenues	\$ 78,204,608	\$ -	\$ -						
Grants and contracts	-	9,767,016							
Private gifts	-	1,248,990			936,169				
Endowment income	-	561,480			171,291				
Expenditures for plant facilities (including \$3,424,870 charged to current fund expenditures)	-	-			-				
Donated plant facilities	-	-			-				10,776,831
Retirement of indebtedness	-	-			-				9,989
Interest income - restricted	-	-			-				2,995,027
Federal and state contributions	-	-		114,039	-		107,395	287,507	-
Reduction in lease obligations	-	-		4,901	-				-
Proceeds from bonds	-	-		-	-				67,143
State construction funds	-	-		-	-				-
Other additions	-	35,272		41,431	-				-
Total revenues and other additions	\$ 78,204,608	\$ 11,612,758	\$ -	\$ 160,371	\$ 1,107,460	\$ 2,695,465	\$ 428,761	\$ 12,258	\$ 18,848,990
							\$ 536,156	\$ 299,765	\$ -
									\$ 18,848,990
EXPENDITURES AND OTHER DEDUCTIONS:									
Educational and general expenditures	\$ 61,534,813	\$ 10,787,876	\$ -						
Auxiliary enterprises expenditures	11,673,150	52,905							
Refund to grantors	-	15,145							
Loan cancellations and write-offs	-	-		60,318					
Adjustment in allowance for bad debts	-	-		4,769					
Administration and collection costs	-	-		56,671					
Expended for plant facilities (including non-capitalized expenditures of \$231,912)	-	-		-					
Retirement of indebtedness	-	-		-		4,885,068			
Interest on indebtedness	-	-		-		-		2,995,027	
Deletions and disposals	-	-		-		-		1,585,057	
State funds	-	-		-		-		-	2,725,517
New bond indebtedness	-	-		-		25,980		-	
Other deductions	-	645,476		4,257		1,551,000		-	
Total expenditures and other deductions	\$ 73,207,963	\$ 11,501,402	\$ -	\$ 126,015	\$ -	\$ 6,462,048	\$ 430,200	\$ 13,168	\$ 99,744
							\$ 430,200	\$ 4,593,252	\$ 2,825,261
									\$ 2,825,261

See notes to financial statements.

MURRAY STATE UNIVERSITY
SCHEDULE OF CURRENT FUNDS REVENUES
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
EDUCATIONAL AND GENERAL REVENUES				
Tuition and fees:				
Fall	\$ 8,615,684	\$ -	\$ 8,615,684	\$ 7,886,664
Spring	8,190,938	-	8,190,938	7,480,879
Summer II	484,054	-	484,054	492,436
Summer I	1,184,139	-	1,184,139	1,008,971
Miscellaneous tuition	840	-	840	1,308
Student activity fees	1,670,845	-	1,670,845	1,642,726
Other course fees	459,633	-	459,633	449,334
Total tuition and fees	\$ 20,606,133	\$ -	\$ 20,606,133	\$ 18,962,318
State appropriations	\$ 39,945,600	\$ -	\$ 39,945,600	\$ 38,955,400
Grants and contracts:				
Federal work study	\$ -	\$ 370,652	\$ 370,652	\$ 381,970
Federal PELL	-	3,521,211	3,521,211	3,451,861
Federal SEOG	-	319,002	319,002	311,422
Grants and contracts - federal	-	3,171,851	3,171,851	2,391,368
Grants and contracts - state	-	1,895,439	1,895,439	1,641,605
Grants and contracts - other	-	411,542	411,542	547,875
Grants and contracts - foundation	-	1,098,179	1,098,179	-
Total grants and contracts	\$ -	\$ 10,787,876	\$ 10,787,876	\$ 8,726,101
Indirect and administrative costs recovered:				
Federal/state grant cost	\$ 154,744	\$ -	\$ 154,744	\$ 146,192
Financial aid cost reimbursement	89,693	-	89,693	97,940
Total indirect and administrative costs recovered	\$ 244,437	\$ -	\$ 244,437	\$ 244,132
Sales and services - educational departments:				
Archeology service center	\$ 18,048	\$ -	\$ 18,048	\$ 23,467
Art cash sales	27,474	-	27,474	27,227
Art workshops	11,077	-	11,077	11,115
Belize tropical escape	579	-	579	2,316
Biology station income	5,593	-	5,593	1,636
Breathitt vet center	201,382	-	201,382	194,166
Chemical services	-	-	-	15
Child development center	12,050	-	12,050	9,300
Clinical services	40,451	-	40,451	45,876
English language institute	592,811	-	592,811	538,783
Environmental education	-	-	-	100
Environmental education pre-service workshop	3,693	-	3,693	4,828
Fall business education conference	870	-	870	750
Farm	190,239	-	190,239	219,905
Foreign language services	10	-	10	50
High school journalism workshop	1,370	-	1,370	1,494
Jesse Stuart collection	-	-	-	675
KIIS consortium	608,053	-	608,053	635,414
Keyboard recruiting	560	-	560	315
Learning center fees	4,249	-	4,249	-
MARC service center	216	-	216	4,493
Murray State News advertising	76,773	-	76,773	77,825
Murray State X-ray lab	5,375	-	5,375	7,900
Music workshop	8,660	-	8,660	7,305
Office systems service center	2,231	-	2,231	2,579
Pediatric assessment	3,240	-	3,240	3,240

MURRAY STATE UNIVERSITY
SUMMARY OF CHANGES AND ALLOCATIONS IN FUND BALANCE
CURRENT UNRESTRICTED FUNDS
For the Year Ended June 30, 1996
With Comparative Figures as of June 30, 1995

	1996			1995
	Educational and General	Auxiliaries	Total	
Fund Balance - Beginning July 1				
Working capital	\$ 1,092,235	\$ 735,269	\$ 1,827,504	\$ 1,934,922
Prior year carryovers:				
Renovation and maintenance	1,520,305	353,821	1,874,126	2,365,103
Other	3,476,804	36,398	3,513,202	2,749,016
Encumbrances	880,402	44,980	925,382	467,077
Reserve for general contingency	997,123	-	997,123	913,999
Reserve for self insurance	900,000	-	900,000	650,000
Total fund balances - July 1	\$ 8,866,869	\$ 1,170,468	\$ 10,037,337	\$ 9,080,117
Increase/(Decrease) - Year to Date				
Revenues	\$ 66,097,725	\$ 12,106,883	\$ 78,204,608	\$ 74,227,843
Expenditures	(61,534,813)	(11,673,150)	(73,207,963)	(67,568,288)
Mandatory transfers				
Debt service	(3,706,658)	(594,782)	(4,301,440)	(4,262,235)
Loan match	(1,634)	-	(1,634)	(3,257)
Phone switch note payable	-	-	-	(197,601)
Non-Mandatory transfers				
From CERR	1,312,623	-	1,312,623	278,870
(To) plant funds	(1,978,031)	(167,660)	(2,145,691)	(1,517,657)
From (to) education and general	77,320	(77,320)	-	-
Other changes	-	-	-	(455)
Total year to date increase/(decrease) in fund balance	\$ 266,532	\$ (406,029)	\$ (139,497)	\$ 957,220
Fund Balance - Ending June 30				
Working capital	\$ 1,190,279	\$ 133,122	\$ 1,323,401	\$ 1,827,504
Prior year carryovers:				
Renovation and maintenance	1,855,482	463,920	2,319,402	1,874,126
Other	2,982,041	108,089	3,090,130	3,513,202
Encumbrances	353,791	59,308	413,099	925,382
Reserve for general contingency	1,851,808	-	1,851,808	997,123
Reserve for self insurance	900,000	-	900,000	900,000
Total fund balances - June 30	\$ 9,133,401	\$ 764,439	\$ 9,897,840	\$ 10,037,337

MURRAY STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES (cont.)
For the Year Ended June 30, 1996

	Current Funds			Plant Funds		
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Unexpended	Renewals and Replacements
TRANSFERS AMONG FUNDS:						
Mandatory:						
Bond principal and interest	\$ (4,301,440)	\$ -	\$ -	\$ -	\$ -	\$ -
Perkins match	(1,634)	-	1,634	-	-	-
Total mandatory transfers	\$ (4,303,074)	\$ -	\$ 1,634	\$ -	\$ -	\$ -
Nonmandatory:						
Transfer to unrestricted current fund from renewal and replacement fund	\$ 1,312,623	\$ -	\$ -	\$ -	\$ -	\$ (1,312,623)
Transfer from current funds to unexpended plant funds	(2,145,691)	(142,837)	-	-	2,288,528	-
Transfer from restricted funds to endowment funds	-	(140,724)	-	140,724	-	-
Transfer bonded debt from unexpended plant fund to investment in plant	-	-	-	-	1,440,147	(1,440,147)
Total non-mandatory transfers	\$ (833,068)	\$ (283,561)	\$ -	\$ 140,724	\$ 3,728,675	\$ (1,312,623)
Net increase(decrease) for the year before cumulative effect of accounting change	\$ (139,497)	\$ (172,205)	\$ 35,990	\$ 1,248,184	\$ (37,908)	\$ (1,206,667)
Cumulative effect of change in accounting method (Note 1)	\$ -	\$ 1,207,274	\$ -	\$ 6,871,910	\$ -	\$ -
Net increase (decrease) for the year	\$ (139,497)	\$ 1,035,069	\$ 35,990	\$ 8,120,094	\$ (37,908)	\$ 7,953
Fund balance at beginning of year	\$ 10,037,337	\$ 1,422,647	\$ 4,557,138	\$ 1,645,183	\$ 3,072,343	\$ 4,227,959
Fund balance at end of year	\$ 9,897,840	\$ 2,457,716	\$ 4,593,128	\$ 9,765,277	\$ 3,034,435	\$ 4,235,912

See notes to financial statements.

MURRAY STATE UNIVERSITY
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
REVENUES:				
Educational and general:				
Tuition and fees	\$ 20,606,133	\$ -	\$ 20,606,133	\$ 18,962,318
State appropriations	39,945,600	-	39,945,600	38,955,400
Grants and contracts	-	10,787,876	10,787,876	8,726,101
Indirect and administrative cost recoveries	244,437	-	244,437	244,132
Sales and services of educational activities	1,873,744	-	1,873,744	1,882,423
Other sources	3,427,811	-	3,427,811	3,005,979
Total educational and general	<u>\$ 66,097,725</u>	<u>\$ 10,787,876</u>	<u>\$ 76,885,601</u>	<u>\$ 71,776,353</u>
Auxiliary enterprises	\$ 12,106,883	\$ 52,905	\$ 12,159,788	\$ 11,227,896
Total Revenues	<u>\$ 78,204,608</u>	<u>\$ 10,840,781</u>	<u>\$ 89,045,389</u>	<u>\$ 83,004,249</u>
EXPENDITURES AND MANDATORY TRANSFERS:				
Educational and general:				
Instruction	\$ 27,045,868	\$ 2,150,287	\$ 29,196,155	\$ 27,699,003
Research	652,454	531,203	1,183,657	1,183,093
Public service	3,070,033	688,207	3,758,240	3,464,700
Libraries	2,267,639	57,922	2,325,561	2,151,205
Academic support	2,978,512	1,290,862	4,269,374	3,455,267
Student services	5,967,189	577,923	6,545,112	5,429,442
Institutional support	6,596,584	68,592	6,665,176	6,002,792
Operation and maintenance of plant	8,433,592	24,261	8,457,853	7,474,496
Student financial aid	4,522,942	5,398,619	9,921,561	8,812,623
Educational and general expenditures	<u>\$ 61,534,813</u>	<u>\$ 10,787,876</u>	<u>\$ 72,322,689</u>	<u>\$ 65,672,621</u>
Mandatory transfers for:				
Bond principal and interest	\$ 3,706,658	\$ -	\$ 3,706,658	\$ 3,648,316
Note payable principal and interest	-	-	-	197,601
Perkins fund matching grant	1,634	-	1,634	1,157
Total mandatory transfers	<u>\$ 3,708,292</u>	<u>\$ -</u>	<u>\$ 3,708,292</u>	<u>\$ 3,847,074</u>
Total educational and general	<u>\$ 65,243,105</u>	<u>\$ 10,787,876</u>	<u>\$ 76,030,981</u>	<u>\$ 69,519,695</u>
Auxiliary enterprises:				
Expenditures	\$ 11,673,150	\$ 52,905	\$ 11,726,055	\$ 10,674,173
Mandatory transfers for principal and interest	594,782	-	594,782	613,919
Total auxiliary enterprises	<u>\$ 12,267,932</u>	<u>\$ 52,905</u>	<u>\$ 12,320,837</u>	<u>\$ 11,288,092</u>
Total Expenditures and Mandatory Transfers	<u>\$ 77,511,037</u>	<u>\$ 10,840,781</u>	<u>\$ 88,351,818</u>	<u>\$ 80,807,787</u>

See notes to financial statements.

MURRAY STATE UNIVERSITY
BALANCE SHEET SCHEDULE
CURRENT UNRESTRICTED FUNDS
As of June 30, 1996
With Comparative Figures as of June 30, 1995

	1996			1995
	Educational and General	Auxiliaries	Total	
ASSETS				
Cash	\$ 267,654	\$ 223,195	\$ 490,849	\$ 1,331,545
Investments	11,149,729	213,813	11,363,542	12,083,186
Accounts and loans receivable, net	697,030	343,971	1,041,001	875,076
Interest receivable	174,411	15,369	189,780	164,055
Inventories	318,838	944,360	1,263,198	1,213,752
Prepaid expenses	145,692	913	146,605	147,085
Due from other funds	2,132,454	-	2,132,454	679,386
Total assets	<u>\$ 14,885,808</u>	<u>\$ 1,741,621</u>	<u>\$ 16,627,429</u>	<u>\$ 16,494,085</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 1,089,634	\$ 233,293	\$ 1,322,927	\$ 1,306,540
Payroll related accruals	2,710,878	189,641	2,900,519	3,235,563
Accrued expenses and other liabilities	526,241	26,019	552,260	1,123,007
Deposits	1,355	259,241	260,596	236,726
Deferred revenues	819,947	15,131	835,078	554,912
Due to other funds	604,352	253,857	858,209	-
Total liabilities	<u>\$ 5,752,407</u>	<u>\$ 977,182</u>	<u>\$ 6,729,589</u>	<u>\$ 6,456,748</u>
Fund Balance:				
Allocated for:				
Working capital	\$ 1,190,279	\$ 133,122	\$ 1,323,401	\$ 1,827,504
Prior year carryovers:				
Renovation and maintenance	1,855,482	463,920	2,319,402	1,874,126
Other	2,982,041	108,089	3,090,130	3,513,202
Encumbrances	353,791	59,308	413,099	925,382
Reserve for general contingency	1,851,808	-	1,851,808	997,123
Reserve for self insurance	900,000	-	900,000	900,000
Total fund balance	<u>\$ 9,133,401</u>	<u>\$ 764,439</u>	<u>\$ 9,897,840</u>	<u>\$ 10,037,337</u>
Total liabilities and fund balance	<u>\$ 14,885,808</u>	<u>\$ 1,741,621</u>	<u>\$ 16,627,429</u>	<u>\$ 16,494,085</u>

Note 8. Bonds Payable (cont.)

A schedule of the mandatory principal payments for the next five fiscal years and thereafter is presented below:

Year Ending June 30	Consolidated Educational Buildings Revenue Bonds	Housing and Dining System Revenue Bonds	State Property and Building Commission Bonds	Total
1997	\$ 2,410,000	\$ 510,000	\$ 222,433	\$ 3,142,433
1998	2,528,000	525,000	239,444	3,292,444
1999	2,650,000	545,000	223,619	3,418,619
2000	1,935,000	560,000	230,675	2,725,675
2001	1,300,000	580,000	247,611	2,127,611
Thereafter	11,120,000	2,497,000	3,418,362	17,035,362
Total	\$ 21,943,000	\$ 5,217,000	\$ 4,582,144	\$ 31,742,144

The required minimum reserves of \$3,543,480 and \$679,204 for the Consolidated Educational Sinking Fund and the Housing and Dining Sinking Fund, respectively, are on deposit with the trustee and are included in the "Cash" and "Investments" amounts in Plant Funds in the accompanying balance sheet.

Note 9. Litigation

The University has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel, based in part on the doctrine of sovereign immunity and other statutory provisions, that the ultimate outcome of litigation will not have a material effect on the future operations or financial position of the University.

Note 10. Murray State University Foundation, Inc.

Murray State University Foundation, Inc. (the Foundation) is a Kentucky not-for-profit corporation formed to receive and invest funds as agent for the University. The Foundation also operates the Francis E. Miller Golf Course as a separate enterprise, and manages certain endowments and investments on behalf of the University.

The Foundation has a Board of Trustees separate from that of the University; however, the President and certain other officers of the University are also officers of the Foundation.

The University provides office space and pays certain operating expenses of the Foundation in exchange for investment management services provided by the Foundation. The Foundation prepares and issues its own financial statements.

Note 11. National Scouting Museum

The National Scouting Museum of the Boy Scouts of America, Inc. (The Museum) operates a museum on the campus of the University. Under an agreement that expires on September 30, 2030, the University provides a building on the University's campus to house the Museum at no cost to the Museum and provides \$85,000 of direct support to the Museum annually. The University also provides office space and certain administrative services to the Museum at no charge.

MURRAY STATE UNIVERSITY
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES (cont.)
For the Year Ended June 30, 1996
With Comparative Figures for the Year Ended June 30, 1995

	1996			1995
	Unrestricted	Restricted	Total	
OTHER TRANSFERS AND ADDITIONS				
(DEDUCTIONS):				
Excess of restricted receipts over transfers to revenues	\$ -	\$ 736,705	\$ 736,705	\$ 799,150
Refunded to grantors	-	(15,145)	(15,145)	(44,576)
Nonmandatory transfers and other changes:				
Transfer to unrestricted current fund from renewal and replacement fund	1,312,623	-	1,312,623	278,869
Transfer from current funds to unexpended plant funds	(2,145,691)	(142,837)	(2,288,528)	(1,606,945)
Transfer to endowment fund from restricted fund	-	(140,724)	(140,724)	-
Other deductions	-	(610,204)	(610,204)	(453)
Total other transfers and additions(deductions)	\$ (833,068)	\$ (172,205)	\$ (1,005,273)	\$ (573,955)
Net increase in fund balance before cumulative effect of accounting change	\$ (139,497)	\$ (172,205)	\$ (311,702)	\$ 1,622,507
Cumulative effect of change in accounting method (Note 1)	\$ -	\$ 1,207,274	\$ 1,207,274	\$ -
Net increase (decrease) in fund balance	\$ (139,497)	\$ 1,035,069	\$ 895,572	\$ 1,622,507

See notes to financial statements.

MURRAY STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1996

Note 1. Summary of Significant Accounting Policies

Nature of Entity

Murray State University (the University) is a state supported institution of higher education located in Murray, Kentucky and is accredited by the Southern Association of Colleges and Schools. The University awards graduate and undergraduate degrees and serves a student population of approximately 8,000. The Institution is a component unit of the Commonwealth of Kentucky (the state).

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis of accounting. The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization, interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

Fund accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various activities are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined and reported as five balanced fund groups: current funds, loan funds, endowment funds, plant funds, and agency funds. Accordingly, all financial transactions have been recorded and reported by fund group. Within each group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the University's Board of Regents. Externally restricted funds may be utilized only in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the University retains control to use in achieving its institutional purposes.

Current funds are used primarily to account for the transactions affecting the general operation of the University. These resources are expendable for performing the primary and support objectives of the University. Restricted gifts, grants, appropriations, and other restricted resources are accounted for in the appropriate restricted funds.

Restricted current funds are reported as revenues and expenditures when expended for current operating expenses.

The loan funds group is used to account for loan programs available to students and financed primarily by the Federal government.

Note 7. Employee Benefits (cont.)

B. Kentucky Employee Retirement System:

Substantially all other full-time University employees are required by law to participate in the Kentucky Employee Retirement System (KERS), a cost sharing multiple-employer, public employee retirement system. KERS provides retirement benefits based on an employee's final average salary and number of years of service. Benefits are subject to certain reductions if the employee retires before reaching age sixty-five or less than twenty-seven years of service. The plan also provides for disability retirement, death and survivor benefits and medical insurance.

The Kentucky Employee Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Employees Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky 40601 or by calling (502)564-4646.

Funding for the plan is provided from eligible employees who contribute 5.00% of their salary through payroll deductions and the Commonwealth of Kentucky, which also indirectly contributes 8.56% of current eligible employees' salaries to the KERS through appropriations to the University. University contribution rates are determined by the Kentucky Revised Statute and the Board of Trustees of the Kentucky Retirement Systems each biennium. The University's contributions to KERS for the years ending June 30, 1996, 1995, and 1994 were \$804,525, \$772,003 and \$662,952, respectively, equal to the required contributions for each year.

C. University Self-Insurance Program:

The University maintains a self-insurance program for employees' health and accident insurance. The University pays substantially all expenses of the plan for permanent full-time employees and their families. Expenses incurred to cover claims paid by the University under the plan for year ending June 30, 1996 totaled \$2,889,198.

Note 8. Bonds Payable

Bonds payable at June 30, 1996, consist of the following:

	<u>Outstanding</u>
Consolidated Educational Buildings Revenue bonds, issued 1961 to 1993, with maturities to 2012, interest rates 2.6% to 8.0%	\$ 21,943,000
Consolidated Housing and Dining System Revenue Bonds, issued 1965 to 1968, with maturities to 2008, interest rates 2.75% to 3.63%	5,217,000
Others issued 1987 to 1995, with maturities to 2015, interest rates 2.4% to 6.75%	<u>4,582,144</u>
Total	<u>\$ 31,742,144</u>

Revenues from student housing and dining facilities, certain other auxiliary enterprises and student fees are pledged for the retirement of the bonds. All bonds are collateralized by land and buildings.

Note 5. Assets Held by MSU Foundation

Assets held by the Murray State University Foundation are invested in an investment pool managed by the Foundation and are carried at fair market value. The assets in the pool are invested as follows: securities of the U.S. government and its agencies, 55%; marketable equity securities, 24%; certificates of deposit, 9%; and other 12%.

Note 6. Property, Plant, and Equipment

A summary of property, plant, and equipment at June 30 follows:

	1996	1995
Land	\$ 2,667,739	\$ 2,563,393
Buildings	92,697,922	92,377,123
Improvements other than buildings	8,623,883	7,909,692
Equipment	24,439,066	23,199,108
Library holdings	17,210,513	16,580,258
Construction in progress	9,911,629	4,774,616
Total	<u>\$ 155,550,752</u>	<u>\$ 147,404,190</u>

During the year ended June 30, 1996, the University capitalized interest cost of approximately \$403,000.

Note 7. Employee Benefits

A. Kentucky Teachers Retirement System:

All faculty and exempt employees required to hold a degree and occupying full-time positions, defined as seven-tenths (7/10) of normal full-time service on a daily or weekly basis, are required by state law to participate in the Kentucky Teachers Retirement system (KTRS). KTRS, a cost sharing, multiple-employer, public employee retirement system, provides retirement benefits based on an employee's final average salary and number of years service. Benefits are subject to certain reductions if the employee retires before reaching age sixty, unless the employee has twenty-seven or more years of participation in the plan. The plan also provides for disability retirement, death and survivor benefits and medical insurance.

The Kentucky Teachers Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Teachers Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601-3868 or by calling (502)573-5120.

Funding for the plan is provided from eligible employees who contribute 6.16% of their salary through payroll deductions and the Commonwealth of Kentucky, which also indirectly contributes 13.84% of current eligible employees' salaries to the KTRS through appropriations to the University. Contribution requirements of the plan members and the University are established by Kentucky Revised Statute and the KTRS Board of Trustees. The University's contributions of KTRS for the fiscal years ending June 30, 1996, 1995 and 1994 were \$3,403,658, \$3,223,192 and \$3,030,043, respectively, equal to the required contributions for each year.

Note 1. Summary of Significant Accounting Policies (cont.)

Endowment funds are those for which donors or other external agencies have stipulated, under the terms of the instrument creating the fund, that the principal is not expendable. That is, it is to be maintained inviolate and in perpetuity and is to be invested for the purpose of producing current and future income which may be expended or added to principal.

Plant fund groups are used to account for the transactions relating to investment in University property. Plant fund subgroups include (1) unexpended plant, (2) renewals and replacements, (3) retirement of indebtedness, and (4) investment in plant. The unexpended plant subgroup consists of funds to be used for the acquisition and/or construction of physical properties for institutional purposes but unexpended at the reporting date. The renewals and replacements subgroup consists of funds to be expended for renewals and replacements of plant fund assets, including some renewals and replacements of a type not ordinarily capitalized in the investment in plant subgroup. The retirement of indebtedness subgroup consists of funds set aside for debt service reserves and charges, and for retirement of indebtedness on institutional properties. The investment in plant subgroup consists of funds expended for and thus invested in institutional properties and the bond indebtedness incurred to finance plant acquisitions and construction. Physical plant and equipment are stated at cost at the date of acquisition or at fair market value at the date of donation for gifts. Depreciation on physical plant and equipment is not recorded.

Agency funds are used to account for assets held by the University as custodian or fiscal agent for others and used for certain organized activities.

All gains and losses arising from the sale, collection or other disposition of investments and other noncash assets are accounted for in the funds which owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment funds, which income is accounted for in the fund to which it is restricted.

Change in accounting for assets held by Murray State University Foundation

Effective July 1, 1995, the University changed its method of accounting for assets held by the Murray State University Foundation (the Foundation) for the benefit of the University. Prior to that date, the University did not record in its financial statements contributions made to the Foundation for the benefit of the University. Such contributions were recorded as assets and revenues of the Foundation. The Foundation made distributions to the University or paid expenses on behalf of the University as directed by University management.

During the year ended June 30, 1996, management of the University and the Foundation reviewed the nature of the relationship between the two organizations in connection with the Foundation's implementation of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 116 *Accounting for Contributions Received and Contributions Made*. As a result of this review, management of both organizations determined that the Foundation was acting as an agent for the University in the collection of gifts and donations to be used solely for the benefit of the University. Management of the University also determined that the assets held by the Foundation as agent for the University and related contributions received by the Foundation for the sole benefit of the University should be recorded as assets and revenues in the University's financial statements. This change in accounting had the effect of increasing the current restricted funds fund balance and the endowment funds fund balance at July 1, 1995 by \$1,207,274 and \$6,871,910, respectively. This change also had the effect of decreasing the net decrease in the current restricted funds fund balance for the year ended June 30, 1996 by \$435,000 and increasing the net increase in the endowment funds fund balance for the year ended June 30, 1996 by \$1,070,000.

Investments

The University values investments at cost if purchased or, if received as a gift, at market value at the date of the gift.

Note 1. Summary of Significant Accounting Policies (cont.)

Inventories

Inventories are stated at the lower of cost, (first-in, first-out method) or market.

Pledges receivable

The University's policy is to recognize pledges as revenue only when collected.

Deferred revenue

Revenues of summer school academic terms are reported in the fiscal year in which the programs predominantly fall. Therefore, deferred tuition revenue is recorded for terms which have not begun at fiscal year end.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions. The accompanying financial statements include estimates for items such as allowances for doubtful accounts and loans receivable, self insurance liabilities and other accrued liabilities. Actual results could differ from those estimates.

Note 2. Deposits and Investments

The University currently uses commercial banks and the Commonwealth of Kentucky for its depositories. Deposits with commercial banks are covered by Federal depository insurance or collateral held by the bank in the University's name. At the state level, the University's accounts are pooled with other agencies of the State. These State pooled deposits are substantially covered by Federal depository insurance or by collateral held by the bank in the State's name. The investments of the University not held in the State investment pool are insured or registered, or are held by the University or by an agent in the University's name.

Below is a summary of the investments:

	June 30, 1996		June 30, 1995	
	Carrying Amount (at Cost)	Market Value	Carrying Amount (at Cost)	Market Value
U. S. government securities	\$ 5,189,246	\$ 5,176,061	\$ 5,145,348	\$ 5,152,761
Certificates of deposit	700,000	700,000	640,000	640,000
Subtotal	\$ 5,889,246	\$ 5,876,061	\$ 5,785,348	\$ 5,792,761
Investment in state investment pool	\$ 13,031,414	\$ 12,948,878	\$ 13,767,059	\$ 13,842,246
Total	\$ 18,920,660	\$ 18,824,939	\$ 19,552,407	\$ 19,635,007

Note 3. Inventories

Inventories at June 30 consisted of :

	1996	1995
Current unrestricted funds- Inventories:		
Central stores - supplies	\$ 39,754	\$ 85,480
Central stores - furniture and equipment	962	3,186
Food and food service supplies	78,681	88,657
Physical plant	278,123	283,271
University bookstore	865,678	753,158
Subtotal	\$ 1,263,198	\$ 1,213,752
Endowment fund- Inventories:		
Folke Tegetthoff - books	\$ 144	\$ 464
Total	\$ 1,263,342	\$ 1,214,216

Note 4. Accounts and Loans Receivable

A summary of accounts and loans receivable at June 30 follows:

	1996	1995
Current unrestricted funds - Accounts receivable:		
Student	\$ 956,270	\$ 788,156
Employee:		
Travel advances	11,435	3,666
Computer loans	42,332	46,252
Outside sales	429,493	390,916
State agencies	10,133	2,456
Allowance for doubtful accounts	(408,662)	(356,370)
Subtotal	\$ 1,041,001	\$ 875,076
Current restricted funds - Accounts receivable:		
Grants and contracts	\$ 1,762,112	\$ 751,550
Loan funds -		
Advances to students	\$ 4,401,698	\$ 4,370,623
Allowance for doubtful accounts	(248,236)	(243,467)
Subtotal	\$ 4,153,462	\$ 4,127,156
Endowment funds- Accounts receivable	\$ 184	\$ -
Plant funds - Advance to Commonwealth of Kentucky	\$ -	\$ 645,476
Agency funds - State agencies	\$ -	\$ 34,000
Total	\$ 6,956,759	\$ 6,433,258

OFFICIAL TERMS AND CONDITIONS
OF SALE OF BONDS

1. DATE AND HOUR OF SALE

The Board of Regents of Murray State University, Murray, Kentucky, will, until 10:00 A.M., C.D.T., June 12, 1997, at the office of the President, Sparks Hall, 3rd Floor, Murray, Kentucky 42071-3305, receive competitive, sealed bids for the purchase of \$750,000 (plus or minus up to \$100,000) of Murray State University Housing and Dining System Revenue Bonds, Series M, dated June 1, 1997.

2. DESCRIPTION AND MATURITIES OF BONDS

Said Series M Bonds bear interest from June 1, 1997, payable semiannually, on March 1 and September 1, commencing March 1, 1998, will be in the denomination of \$5,000 or any multiple thereof within the same maturity, are numbered R-1 and upward, and will mature on September 1 in each of the respective years, as follows:

<u>Maturity</u> <u>September 1</u>	<u>Principal*</u> <u>Amount</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal*</u> <u>Amount</u>
1998	\$20,000	2008	\$35,000
1999	25,000	2009	40,000
2000	25,000	2010	40,000
2001	25,000	2011	45,000
2002	25,000	2012	45,000
2003	30,000	2013	50,000
2004	30,000	2014	50,000
2005	30,000	2015	55,000
2006	30,000	2016	55,000
2007	35,000	2017	60,000

*The principal maturities are subject to change as provided in the Third Supplemental Trust Indenture pursuant to which the Bonds will be issued.

Bidders may elect to structure the maturities to include term bonds with mandatory sinking fund redemptions.

Said Series M Bonds are payable as to principal at PNC Bank, Kentucky, Inc., Louisville, Kentucky, the Trustee.

With respect to the Series M Bonds, the Board has reserved certain options or privileges of redemption, as follows:

(a) Series M Bonds shall be subject to redemption from the proceeds of insurance, in the event of damage or destruction of properties constituting parts of the Housing and Dining System, as provided in ARTICLE XIV of the Trust Indenture;

(b) The Board reserves the right to call for redemption, subject to the redemption provisions of the respective Bond Series, any and all outstanding Bonds which may be called and redeemed at par or face value, prior to calling for redemption any Bonds that are callable at a premium;

(c) Subject to all of the foregoing, and the provisions for notice as hereinafter set forth, the Series M Bonds shall be subject to redemption at the option of the Board, as follows:

Series M Bonds maturing on and prior to September 1, 2007, shall not be subject to redemption except from the proceeds of insurance as provided in the Trust Indenture.

Series M Bonds maturing on and after September 1, 2008, shall be subject to redemption prior to their stated maturities either:

(i) in part, in any order of maturity (less than all of a single maturity to be selected by lot) from Revenues accumulated in the System Sinking Fund and properly available for such purpose, on any date on and after September 1, 2007; or

(ii) in whole (alone or with any other Series of Bonds outstanding under the Indenture as the Board may designate, in its sole discretion without regard to priority of issue, alphabetical designation or otherwise) from any moneys which may be made available from any source for such purpose, on any date not earlier than September 1, 2007, at a redemption price expressed as a percentage of the principal amount of the Series M Bonds to be redeemed, together with interest to the designated redemption date at the respective applicable interest rates, in accordance with the following schedule:

<u>IF REDEEMED</u> (Both Dates Inclusive)	<u>REDEMPTION PRICE</u>
September 1, 2007 through August 31, 2008	102%
September 1, 2008 through August 31, 2009	101%
September 1, 2009, and thereafter	100%

In the event that a Series M Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Series M Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Series M Bond for redemption in part, the Trustee shall authenticate and deliver an exchange Series M Bond or Series M Bonds in an Aggregate principal amount equal to the unredeemed portion of the Series M Bond so surrendered.

The Series M Bonds are to be issued in fully registered (both principal and interest). The Trustee will mail a check representing interest payments semiannually to each Bondowner of record as of the 15th day of the month preceding each interest due by regular United States mail postmarked not later than the due date. Principal will be paid upon submission of matured Series Bonds to the Trustee. Upon the submission of a properly executed assignment, the Trustee will transfer ownership of a Series M Bond within three (3) business days of receipt without expense to the Bondowner.

3. AUTHORITY AND PURPOSE

These Series M Bonds are being issued pursuant to the authority of Sections 162.340 through 162.380, inclusive, and 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, to provide funds for the expansion and upgrading of the mechanical room at Winslow Cafeteria to adequately provide space and air circulation for the support equipment and to upgrade and modernize serving lines to support a new meal access system and refurbish the environment in Winslow Hall, the foregoing to be used for housing and dining purposes, all of which is part of the Housing and Dining System of the University as such system was established pursuant to the terms of a Trust Indenture between the Board of Regents of Murray State University and PNC Bank, Kentucky, Inc. (successor to Citizens Fidelity Bank and Trust Company), Louisville, Kentucky, Trustee, dated September 1, 1965 (the "Trust Indenture"), as amended and supplemented by a First Supplemental Trust Indenture dated September 1, 1965 and a Second Supplemental Trust Indenture dated as of September 1, 1965, which Trust Indenture and Supplemental Trust Indentures authorized the issuance of Murray State Housing and Dining System, Series A through L, and additional parity bonds. The Series M Bonds are being issued on a parity as to security and source of payment with the Series B through L Bonds (the Series A Bonds having matured on September 1, 1995) heretofore issued pursuant to the terms of the Trust Indenture.

4. SECURITY

Said outstanding Series B through L Bonds, and any additional parity bonds hereafter issued and outstanding under the terms of the Trust Indenture, are and will be payable from and constitute a paramount charge upon the defined Revenues derived by the University from the operation of its Housing and Dining System. The Housing and Dining System may be described generally as all the student residence halls and certain related dining facilities.

As further security for the Bonds there is created and granted by Sections 162.350 and 162.200 of the Kentucky Revised Statutes a statutory mortgage lien upon the Housing and Dining System of the University.

5. TAX EXEMPTION

In the opinion of Bond Counsel for the Series M Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series M Bonds is excludible from gross income for Federal income tax purposes. Bond Counsel for the Series M Bonds is also of the opinion that interest on the Series M Bonds is not a specific item of tax preference under § 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel for the Series M Bonds is of the opinion that interest on the Series M Bonds is exempt from income taxation and the Series M Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series M Bonds. The University has covenanted to comply with certain restrictions designed to ensure that interest on the Series M Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series M Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series M Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series M Bonds may adversely affect the tax status of the interest on the Series M Bonds.

Certain requirements and procedures contained or referred to in the Trust Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series M Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series M Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Peck, Shaffer & Williams, L.L.P.

Although Bond Counsel for the Series M Bonds has rendered an opinion that interest on the Series M Bonds is excludible from gross income for Federal income tax purposes and the above-described opinion with respect to Kentucky taxation of the Series M Bonds, the ownership or disposition of, or the accrual or receipt of interest on, the Series M Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax

upon submission of completion text, to print a reasonable quantity of final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements, which Official Statements will be provided at the expense of the Board.

J.J.B. Hilliard, W.L. Lyons, Inc., Louisville, Kentucky, has been employed as Financial Advisor to the Board of Regents and the University in connection with the issuance of the Series M Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Series M Bonds is contingent upon the issuance and delivery of the Series M Bonds. The Financial Advisor may submit a bid for the purchase of the Series M Bonds at the time of the advertised public sale of the Series M Bonds, either independently or as a member of a syndicate organized to submit a bid for the purchase of the Series M Bonds.

Concurrently with the delivery of the Series M Bonds, the Treasurer of the Board of Regents will certify that, to the best of his knowledge, the official statement did not, as of its date, and does not, as of the date of delivery of the Series M Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the official statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(Signed) Board of Regents of Murray State University by Sandra Rogers, Secretary.

otherwise appropriately designated, and shall be issued in denominations corresponding to the principal amount of each respective maturity, or in the denomination of \$5,000, as shall be determined by the Trustee.

- L. Delivery will be made in Louisville, Kentucky, on or about June 26, 1997. The purchasers may elect to require delivery through a depository trust corporation, provided the purchasers agree to pay any additional expense in connection therewith, such expense to include shipping expense, insurance in transit and the fee of the depository trust corporation. In connection with the issuance of the Series M Bonds, the Board of Regents will pay for the printing of the Series M Bonds, which will contain the opinion of Bond Counsel.
- M. Upon wrongful refusal of the successful bidder to take delivery of and pay for the Series M Bonds when tendered for delivery, the amount of the good faith check shall be forfeited by such bidder, and such amount shall be deemed liquidated damages for such default; provided, however, if said Series M Bonds are not ready for delivery and payment within forty-five (45) days from the date of sale, said bidder shall be relieved of any liability to accept the Series M Bonds hereunder.
- N. The purchasers of the Series M Bonds will pay the CUSIP Service Bureau charge for the assignment of CUSIP numbers, which numbers will be printed on the Series M Bonds at no expense or cost to the purchasers. Neither the failure to print a CUSIP number on any Series M Bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and payment for the Series M Bonds in accordance with the terms of the purchase agreement.
- O. If the successful bidder desires to obtain insurance guaranteeing the payment of the principal and/or interest on the Series M Bonds, the University agrees that it will cooperate with the successful bidder in obtaining such insurance, but all of the expenses and charges in connection therewith shall be borne by such bidder (with the exception of the costs of ratings by Standard & Poor's Ratings Group, a division of McGraw Hill, Inc.), and the University shall not be liable to any extent therefor.
- P. The successful bidder shall promptly advise the Financial Advisor to the Board of Regents of (i) the reoffering price for each maturity of the Series M Bonds, and (ii) the principal amount sold to the public of each principal maturity of the Series M Bonds on the reoffering date.

The Board of Regents shall provide to the successful purchaser a final Official Statement. Arrangements have been made with the printer of the preliminary official statement,

consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series M Bonds on the tax liabilities of the individual or entity.

For example, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under § 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Series M Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by § 884 of the Code, increasing the federal tax liability of certain insurance companies, under § 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to §§ 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits, under § 86 of the Code and limiting the use of the Earned Income Credit under § 32 of the Code that might otherwise be available. Ownership of any Series M Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to § 265 of the Code. Finally, residence of the holder of Series M Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Series M Bonds.

The University has designated the Series M Bonds as "qualified tax-exempt obligations" within the meaning of § 265 of the Code.

The Board of Regents has reserved the right to amend the Third Supplemental Trust Indenture pursuant to which the Series M Bonds are issued without obtaining the consent of the owners of the Series M Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Series M Bonds shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the owners of the Series M Bonds) to eliminate or reduce any restrictions concerning the project financed by the Series M Bonds, the investment of the proceeds of the Series M Bonds, or the application of such proceeds or of the revenues of the project financed by the Series M Bonds. The purchasers of the Series M Bonds will be deemed to have relied fully upon these covenants and undertakings on the part of the Board of Regents as part of the consideration for the purchase of the Series M Bonds. To the extent that the Board of Regents obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in the Third Supplemental Trust Indenture would not subject interest on the Series M Bonds to federal income taxation or Kentucky income taxation, the Board of Regents is not required to comply with such covenants and requirements.

If, prior to the delivery of the Series M Bonds, any event shall occur which alters the tax-exempt status of the Series M Bonds, the purchaser shall have the privilege of voiding the purchase contract by giving immediate written notice to the Board of Regents, whereupon the amount of the good faith deposit of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

Bond Counsel has reviewed the Official Statement with regard to all matters pertaining to the legality and tax exemption of the Series M Bonds, including statements concerning the authority, purpose and security of the Series M Bonds; but Bond Counsel has not reviewed any of the financial statements or calculations, such as debt service requirements, budget estimates, enrollment, capital outlay, estimated revenues, expenditures or other financial information in the Official Statement, and expresses no opinion thereon and assumes no responsibility in connection therewith.

6. TERMS OF SALE

The Series M Bonds are offered for sale upon the following terms and conditions:

- A. A minimum price is required for the entire issue of not less than \$735,000 (98% of par), plus accrued interest from the date of the Series M Bonds (June 1, 1997) to the date of delivery.
- B. The successful bidder will be required to deposit with PNC Bank, Kentucky, Inc., Louisville, Kentucky, for the account of Murray State University immediately available funds in the amount of \$15,000, representing the good faith deposit, by the close of business on June 13, 1997. The amount of the good faith deposit, without interest, will be deducted from the purchase price at the time of delivery of the Series M Bonds.
- C. The determination of the best bid will be made on the basis of all bids submitted for exactly \$750,000 of Series M Bonds as offered for sale under the terms and conditions herein specified. Upon determination of the lowest net interest cost according to the schedule of principal amounts listed in the Official Bid Form, the Board shall immediately proceed to adjust such principal amounts of the Series M Bonds to determine the maturities of its final bond issue. The successful bidder will be required to accept the final bond issue as so computed, whether the principal amount has been increased or decreased by up to 100,000, and to pay the percentage purchase price based upon the aggregate amount of the final bond issue.
- D. Bidders must state an interest rate or rates in multiples of 1/8, 1/10 or 1/20 of 1%, or both.

- E. There is no limit on the number of different rates which may be specified by any bidder.
- F. Interest rates must be on an ascending scale, in that the interest rate for Series M Bonds of any maturity may not be less than the interest rate stipulated for any preceding maturity.
- G. All Series M Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity, even though some such Series M Bonds may be subject to mandatory redemption prior to their maturity date.
- H. Bidders may require that a portion of the Series M Bonds be term bonds maturing on one or more dates (the "Term Bonds"); provided, however, that the Board of Regents may require such Term Bonds to be subject to mandatory redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on September 1 of the years and in the principal amounts set forth in the final adjusted maturity schedule as seen on page 2 of the successful bid.
- I. The right to reject bids for any reason deemed advisable by the Board of Regents, and the right to waive any possible informalities, irregularities or defect in any bid which, in the judgment of the Board of Regents, shall be minor or immaterial, is expressly reserved.
- J. Bids must be made on forms which, together with an official Statement, may be obtained at the office of the Financial Advisor, J.J.B. Hilliard, W.L. Lyons, Inc., P.O. Box 32760, Louisville, Kentucky 40232-2760, Attention Mr. Greg Phillips (502) 588-8639. Bids must be enclosed in sealed envelopes marked "Bid for Murray State University Housing and Dining System Revenue Bonds, Series M" and bids must be received by the Treasurer of the University prior to the date and hour stated above.
- K. It shall be the responsibility of the Purchasers of the Series M Bonds to furnish or cause to be furnished to the Trustee at least five (5) days prior to the date of delivery of the Series M Bonds, a list of the names, addresses and social security numbers or employer identification numbers of each of the parties to whom the Series M Bonds are to be registered, and the principal amounts and maturities thereof. In the event of the failure to so deliver such list, the Series M Bonds delivered to the purchasers shall be registered in the name or names of such purchasers or their designated representatives appearing as the first name on the successful bid form, or